

Microfinance
 Analysis
 Responsible
 Venture
 Gender Mainstreaming
 Capital
 MDGs
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 Development
 Micro business
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 Pay Parity
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 Labor Force
 Participation
 Philanthropic capital
 Entrepreneurship
 Livelihoods
 Women-owned
 Equity
 Gender
 Quality
 Access
 Cooperatives

The Global Landscape of

Gender Lens Investing



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Authors:

Prachi Maheshwari, Amar Gokhale, Niharika Agarwal, Agnes Makena and Shreejit Borthakur

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For more details please visit, www.intellectap.com

For more information, please contact:

vikas.bali@intellectap.com

ABBREVIATIONS

<i>AI</i>	Artificial Intelligence	<i>SDG</i>	Sustainable Development Goals
<i>DFAT</i>	Department of Foreign Affairs and Trade	<i>SGB</i>	Small and Growing Business
<i>ESG</i>	Environmental, Social and Governance	<i>SHG</i>	Self-Help Group
<i>GDP</i>	Gross Domestic Product	<i>SME</i>	Small and Medium Enterprise
<i>GIIN</i>	Global Impact Investing Network	<i>SRI</i>	Socially Responsible Investing
<i>GLI</i>	Gender Lens Investing	<i>UK</i>	United Kingdom
<i>IFC</i>	International Finance Corporation	<i>UN</i>	United Nations
<i>LGBT</i>	Lesbian, Gay, Bisexual and Transgender	<i>USA</i>	United States of America
<i>MFI</i>	Micro Finance Institution	<i>USAID</i>	United States Agency for International Development
<i>NGO</i>	Non-Government Organization	<i>WASH</i>	Water, Sanitation and Hygiene
<i>OPIC</i>	Overseas Private Investment Corporation	<i>WEE</i>	Women Economic Empowerment
<i>ROE</i>	Return on Equity		

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01 Executive Summary

Globally, there are wide gaps in gender equality and access to economic opportunities for women. Women face disproportionate challenges in access to opportunities across all spheres of life such as education, health care services and finance. They also have to face social challenges such as gender stereotypes and mobility and safety issues, which in turn impacts their social and economic empowerment. Almost a billion women of employable age are not part of the formal workforce, and women routinely contend with issues such as insufficient support for entrepreneurship, gender pay gap, sexual harassment at the workplace and under-representation in top management – in both private and the public sectors.

Global Gender Statistics

Educational Attainment

Out of school and education



Gender gap in
Primary 2% Secondary 3% Tertiary 7%

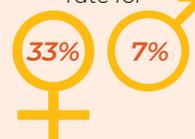
Graduation from STEM subjects



Workforce participation

54% of women, in contrast to 81% men are part of the formal economy

Unemployment rate for



Women working in full-time jobs earn **77%** of their male counterparts' earnings

Women currently hold **4.8%** of CEO positions at Fortune 500 companies, as opposed to **95%** men

4 out of 5 victims of human trafficking are girls

On average, men do only **34%** of the unpaid work that women do (such as caregiving and household chores)

Only **56%** women globally hold a bank account, compared to **63%** of men

The mutual causality between economic empowerment and social empowerment is largely well-accepted, and so is the importance of simultaneous interventions on both aspects to effectively achieve the goal of gender equality. The potential economic empowerment through improved access and control over economic resources, human and social resources, opportunities and markets; combined with effectively exercised agency to achieve social outcomes has garnered special interest in women's entrepreneurship and workforce participation as the twin paths to achieve this goal.

Several philanthropic and government led initiatives promoting gender equality through women's socio-economic interventions have been active globally – often feeding into policy advocacy, which has resulted into many policy and legal provisions around the world¹, although the agenda of gender equality is still evolving. Promotion of gender equality has been made an important aspect of the global development agenda, with the Sustainable Development Goal 5 and the earlier Millennium Development Goal 3 specifically targeted towards it. In this context, the role of investing, especially risk capital, with the view to promote gender equality is comparatively nascent. As an investment strategy, '**gender lens investing**', which is an intentional incorporation of gender analysis into financial due-diligence during the investment process to promote social and/or economic empowerment of women in addition to financial returns, has emerged only in the last couple of decades – initially in the global North and now increasingly in developing countries. This is driven by multiple factors, not the least of which is the rising evidence of a strong business case for investing to leverage the potential of women as consumers, employees and entrepreneurs. There has been growth of businesses enabling women's empowerment that are for-profit models promoting and enabling social and/or economic empowerment of women. Over the last decade, more than USD 4.6 bn in debt and equity capital has been deployed in such businesses enabling women's empowerment across the world.² Gender lens investing can play a significant role in addressing the challenges that women as consumers, employees and entrepreneurs contend with, such as lack of access to finance, social biases, inequality in opportunities among others.

Gender Lens Investing – An investing approach to promote social and/or economic empowerment of women, in addition to financial returns

1. **Social Empowerment:** Investors use the gender lens to invest in businesses that improve access to critical goods and services for women which impact their quality of life, security and well-being, leading to their social empowerment.
2. **Economic Empowerment:** Investors use gender lens to create a level playing field for women in the area of entrepreneurship and employment to enable their economic empowerment through
 - a. Improved access to finance for women-led businesses: Investors provide targeted capital to improve access to finance for women led businesses across micro, small and medium and high growth enterprise segments.
 - b. More equitable opportunities for women as employees: Investors use gender lens to invest in businesses that enable equal access to employment and growth opportunities to women across business segments, hierarchies and in leadership and board positions.

(Intellect Analysis)

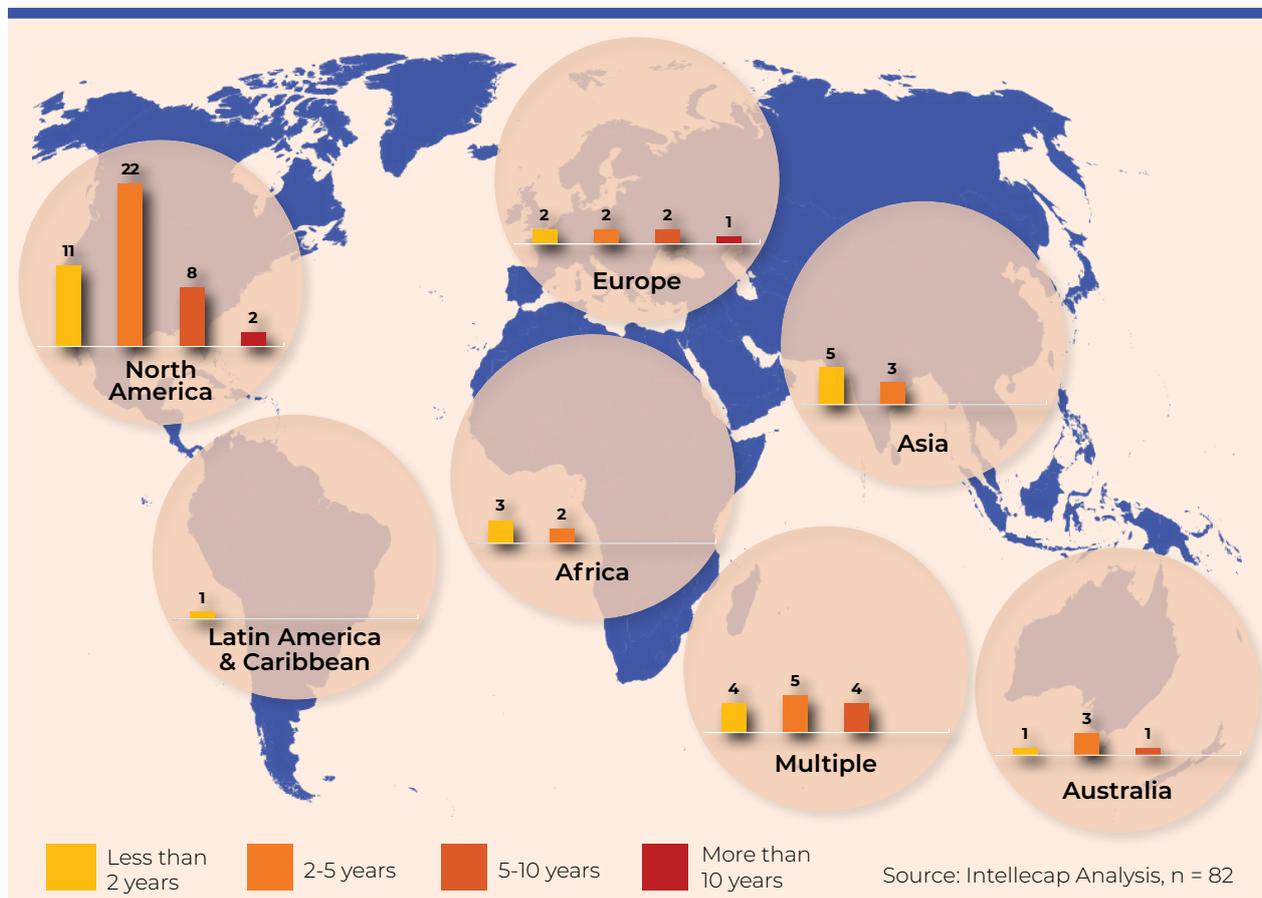
¹ Through protection from sexual harassment at the workplace, reservation in political representation and in boardrooms, protection from domestic violence etc.

² Source: 'UK at 'tipping point' for gender lens investing', Natasha Turner, CityWire, Nov 2018. It is to be noted that not all investment information is available in the public domain. The Intellect team mapped over 80 global gender-focused funds to assess the strategies used for investments and analysis has focused on understanding the evolution, extent and preference for various strategies.

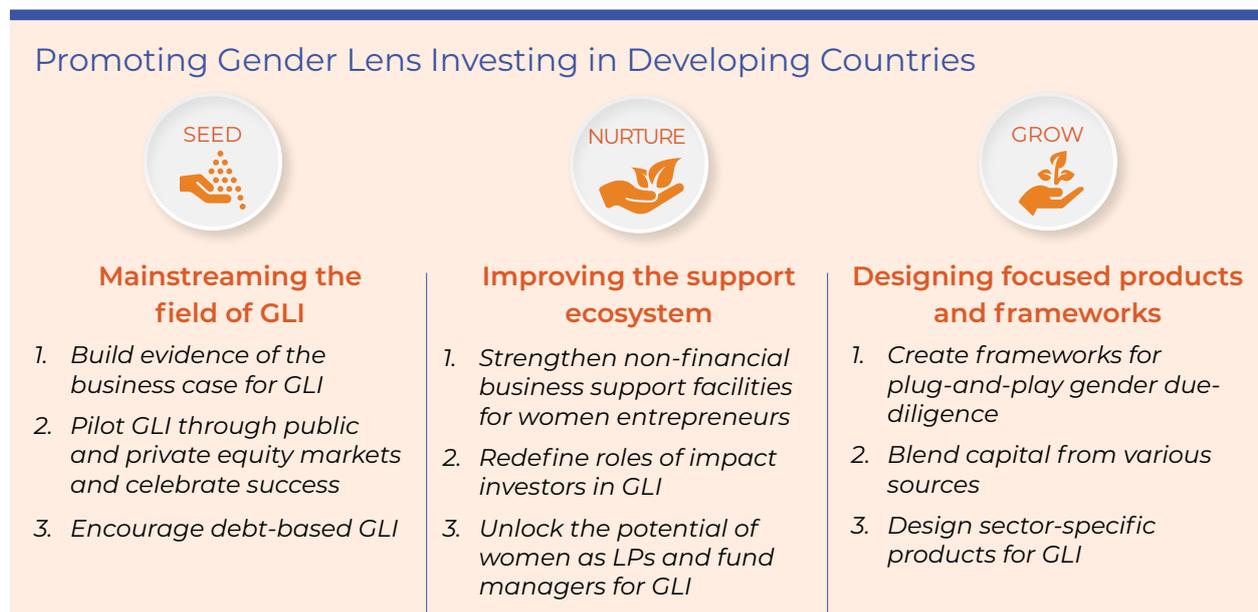
This report presents the landscape of gender lens investing and analyzes strategies used by gender lens investors across the globe. In doing so, it also examines ways in which businesses promote social and economic empowerment of women and correlates investment strategies to them. The report studies patterns and draws insights about the evolution of the strategies, the financial instruments used in adopting them and regions where they are implemented. Some of the key findings include:

- » Less than 20% of the funds invest towards enabling social empowerment by investing in businesses that provides critical products and services for women and girls (Strategy 1). While a few impact investors have invested in enterprises that enable social empowerment of women, they do not have an explicit gender mandate and therefore have not been included in our analysis.
- » Majority of the funds enable economic empowerment by investing in women-led businesses (Strategy 2a), with equity as the most widely used investment instrument. Investors in developing countries face challenges both in terms of raising capital and accessing an investible pipeline for the adoption of this strategy. It is notable that almost 70% of the funds using this strategy were seeded by women investors and/or raised funds from women.
- » Pioneers of gender lens investing in public equity have created compelling evidence of 'gender capital value' to build a business case for the growth of investing for workplace equity for women (Strategy 2b). Of the funds investing with this strategy (33%), a majority is concentrated in developed markets driven by the recognition of the financial value and existence of market opportunities to capture it.

Gender Lens Funds by Timeline & Regional Distribution



The report concludes with a discussion on the various aspects that needs to be considered for promoting gender lens investing – especially in developing countries.



Even though gender lens investing has shown some success in developed countries, there is a need to promote the practice and contextualize underlying strategies for application in developing countries. Piloting gender lens investing through public and private equity markets in partnership with DFIs or philanthropic capital could help draw attention to its potential for women empowerment. Additionally, women-owned/led enterprises can benefit from debt-based financing and designing of sector-specific products in developing countries. Improved awareness across the investor community, increased involvement of women in investing as limited partners (LPs) and fund managers and creation of frameworks for gender analysis can further help promote gender lens investing in developing countries.

This report will be valuable for various ecosystem stakeholders including investors, women entrepreneurs, researchers, financial advisors and intermediaries, academia, regulatory agencies and government policymakers, development agencies, foundations and private sector companies who aim to promote women empowerment globally, and specifically across emerging economies. It also sets the stage for further research that will be conducted by Intelicap to design and implement interventions across the three strategies of gender lens investing; and to independently examine the correlation between gender lens investing and its impact on social and economic empowerment of the women.

02 Setting the Context

Women and girls make up about 49.6%³ of the global population, and continue to experience inequality and discrimination which limit the choices and opportunities available to them. Private sector investors have joined in to add to the efforts of philanthropic initiatives and governments to mitigate the issues of gender inequality, resulting in the emergence of the field of 'gender lens investing' over the last decade. Gender lens investing is an investing approach to promote social and/or economic empowerment of women in addition to financial returns. Most of the gender lens investing funds as well as the research in this field is concentrated in the global north with limited awareness and understanding of the concept in the global south. In order to understand the potential of gender lens investing to make a positive difference in achieving gender balance, it is necessary to understand the context in which it is being adopted.

Relationship between social and economic empowerment of women

Promoting women's empowerment – both social and economic - has been the focus of significant development research, economic theorization and policy design globally. The mutual causality between economic empowerment and social empowerment is largely well-accepted, and so is the importance of simultaneous interventions on both aspects to effectively achieve the goal of gender equality. The potential economic empowerment from improved access and control over economic resources, human and social resources, opportunities and markets; combined with effectively exercised agency to achieve social outcomes has garnered special interest of the development stakeholders in women's entrepreneurship and workforce participation as the twin paths to achieve this goal.

Research undertaken by Governance and Social Development Resource Centre (GSRDC) and Institute of Development Studies (IDS) study the impact of women's paid work on shifts in household decision making and participation in public life, suggesting that women's economic power is often converted into increased social status.

Bertaux and Crable (2007)⁴ found that entrepreneurship allows women the flexibility to handle domestic responsibilities, while also providing financial support for their families. This is also in

³ <https://data.worldbank.org/indicator/>

⁴ 'Learning about women, economic development, entrepreneurship and the environment in India: a case study', Bertaux N, Crable E, Journal of Developmental Entrepreneurship 2007

agreement with the research findings of Kabeer (1999)⁵ who suggests that access to economic and social resources for women enhances their capacity to exercise choice, thus empowering them. Similarly, Anderson and Eswaran (2009)⁶ established that earned income by women bestows them with greater autonomy and decision making powers, thus empowering them in the household as well. A study conducted by Mahmud and Tasneem (2014)⁷ in Bangladesh to assess the impact of paid work on women's social empowerment suggests that working women are more self-aware, have freedom of mobility and experience respect in the community.

While much of the early literature established the relationship between economic and social empowerment of women, there has been varied views on economic value creation through women empowerment and gender diversity. The studies on women's economic empowerment through entrepreneurship focused on characteristics of female entrepreneurs such as age, education, and risk perceptions, and these enterprises were only perceived as small lifestyle businesses (Baker et al 1997)⁸. Additionally, as highlighted by Cronin-Furman et al. (2017)⁹, women's economic empowerment is viewed by most as providing employment or livelihood opportunities to women in traditional roles. The recent practitioner research conducted to study the correlation of gender diversity to organizations' performance have found positive results^{10,11} however, academic research in this field has had varied outcomes. While studies like those by Robinson and Dechant (1997)¹² link board diversity to financial growth and success, others such as Miller (2009) and Jackson and Joshi (2003)¹³ do not project any correlation between female representation and firm performance. Pletzer et. al (2015)¹⁴ conclude that the mere representation of women on corporate boards is not related to firm financial performance if other factors are not considered.

Overall, a growing body of research suggests the link between women's economic and social empowerment and its potential to positively impact organizational performance and global economic growth. Therefore, it can be viewed as an imperative to build private sector and policy led interventions to empower women. However, evolving research around the link between women entrepreneurship/empowerment and the understanding of the role of capital in supporting it have been limiting industry efforts and policy design – especially in emerging economies' contexts. This study examines the emergence of the field of gender lens investing globally and its potential to scale in the developing economies.

5 'Resources, Agency, Achievements: Reflections on the measurement of women's empowerment', Naila Kabeer 1999

6 'What determines female autonomy?: Evidence from Bangladesh', Anderson, Siwan, and Mukesh Eswaran, Journal of Development Economics, 2009

7 'Measuring 'empowerment' using quantitative household survey data', Mahmud, S., & Tasneem, S., Women's Studies International Forum, 2014

8 'Invisible entrepreneurs: The neglect of women business owners by mass media and scholarly journals in the USA', Baker, T., Aldrich, H. E., & Liou, N., Entrepreneurship and Regional Development, 1997

9 'Emissaries of Empowerment', Kate Cronin-Furman, Nimmi Gowrinathan, & Rafia Zakaria, 2017

10 'Women on Boards: Global trends in gender diversity on corporate boards', MSCI, Nov 2015

11 'Gender balance and the link to performance', Michel Landel, McKinsey Quarterly, Feb 2015

12 'Building a business case for diversity', Robinson, G. and K. Dechant, Academy of Management Executive, 1997

13 'The Effects of Diversity on Business Performance: Report of the Diversity Research Network', Kochan, T., Bezrukova, K., Ely, R., Jackson, S., Joshi, A., Leonard, J. and Thomas, D., Human Resource Management, 2003

14 'Does Gender Matter? Female Representation on Corporate Boards and Firm Financial Performance - A Meta-Analysis', Jan Luca Pletzer, Romina Nikolova, Karina Karolina Kedzior and Sven Constantin Voelpel, 2015

Philanthropic initiatives and governments targeting gender issues

Gender equality has been central to the Sustainable Development Goals (SDGs) and the earlier Millennium Development Goals (MDGs), and there has been growing acceptance of the idea that supporting women and girls creates a ripple effect of change in families, communities, and even entire countries.¹⁵ Several gender-focused philanthropic efforts have been active globally over the decades – many focusing on women’s empowerment at the core of their missions. These efforts have been promoting women’s and LGBT rights, women’s and gender studies programs, services such as helplines for rape and domestic abuse, mental health crisis centers, and family planning clinics. There have also been initiatives that provide education and skills, livelihood opportunities and networks. Given that there is increasing awareness that a focus on gender equality should essentially complement economic development efforts, gender programming is now being integrated across development sectors into many hitherto gender-neutral philanthropic initiatives. There have been legal interventions for stronger enforcement of sexual harassment policies at the workplace and improved maternal benefits such as 3-6 months of paid leave and provision for child care infrastructure to increase women participation in workforce in various countries. In few progressive countries like the UK, Norway and most recently Ireland, gender pay audits and gender pay equity have now become a norm.

Figure 1: Global Development Goals



Table 1: Examples of gender focused interventions

Geography	Name	Description
UK	<i>Equality Act 2010</i>	The Equality Act replaced the previously existing anti-discrimination laws to legally protect people from discrimination based on race, gender, disability, etc. at the workplace as well as in the society. The law also lays down regulations against gender pay discrimination, maternity laws and flexibility for breast feeding mothers, as well as protection against sexual harassment.
USA	<i>Sexual Harassment Policy</i>	The Office of Civil Rights (S/OCR) has been made responsible for investigating or overseeing investigations of alleged sexual harassment. Supervisors who observe, are informed of, or reasonably suspect incidents of possible sexual harassment are immediately required to report such incidents to S/OCR, which will either initiate or oversee a prompt investigation.
Global	<i>Social Protection Floor Initiative (SPF-I)</i>	The United Nations' SPF-I provides strong guiding principles for extending social protection to people in the informal economy. One of its programs covered home-based women workers in Pakistan leading to formation of Home Based Women Workers Federation (HBWWF) which engaged in advocacy to raise the issues of home-based women workers with the regional and national government and to place it on the agenda of mainstream trade union movements.
Latin America	<i>Gender-based quotas for political participation</i>	Latin America introduced quota system for increasing women participation in country leaderships. Argentina has a 30% quota of legislative candidates for women while Costa Rica has 40%, and Colombia incorporated a 30% quota for top-level decision-making positions in the public administration.

¹⁵ Dufló, 2011; Foundation Center & Women’s Funding Network [WFN], 2009

Governments across the world have also attempted to bridge gender gaps in social and economic spheres of the society. In the postcolonial era, governments in most developing countries prioritized interventions to tackle social issues such as child marriage and domestic violence and invested in the areas of right to education, women's property rights and access to maternal benefits. Over the last decade, policy interventions to promote women entrepreneurship and improved workforce participation were undertaken across the globe. Both developed and emerging countries have launched government schemes that route capital to women owned enterprises. Governments, in partnership with private actors, are also improving the entrepreneurship ecosystem for women to provide mentorship support, capital facilitation and access to markets.

Table 2: Examples of women-focused policies and schemes initiated by private sector and the government from across the world

	Geography	Name	Agency	Description
Government Initiatives	Australia	<i>Gender equality and women's empowerment strategy</i>	<i>Government</i>	The Australian Government set a target requiring that at least 80% of all aid investments should effectively address gender issues in their implementation, regardless of program objectives.
	Norway	<i>Gender Equality Act</i>	<i>Government</i>	The Act promotes gender equality and aims for equal opportunities in education, employment, and cultural and professional advancement. For example, it mandates gender equality in hiring for teaching and research positions in higher education, at least 40% of both genders to be represented on all official committees, boards and councils. The Ministry of Defense also implemented policy to create gender-neutral armed forces in Norway.
	Canada	<i>Feminist International Assistance Policy</i>	<i>Government</i>	The Canadian Government has included gender equality as a key component of its international assistance. The policy seeks to eradicate poverty and build a more inclusive society by focusing on gender equality and empowerment of women and girls, given its potential to provide positive social and economic outcomes. The policy also includes equal access to health care, nutrition, education and humanitarian assistance to all, irrespective of gender.
	California	<i>Women representation on boards</i>	<i>California State Government</i>	California passed a bill in August 2018 to impose a quota for inclusion of women on boards of public limited companies. It requires at least one woman on the board of every public company by 2019, 2 women for every 5 member board and 3 for boards of six by 2021.
Private Sector Initiatives	Africa	<i>African Women in Business Initiative</i>	<i>AfDB</i>	The African Women In Business Initiative (AWIB) works for the African Development Bank's private sector development strategy and its emphasis on the role of women in business as well as aims to empower women entrepreneurs, in particular SMEs, through better access to finance.
	Kenya	<i>Maternal Health Benefits at Safaricom</i>	<i>Vodacom (Safaricom Kenya)</i>	Safaricom's maternal policies in Kenya include 16 weeks of full paid leave for mothers, while the government mandates only 3 months of paid maternity leave. The company provides reduced/ flexible hours for mothers for the first six months after delivery. Other corporates offering increased maternal benefits across their global offices include Accenture, Deloitte, McKinsey, IBM, P&G, American Express, etc.

Emergence of the field of gender lens investing

Nudged by movements focused on innovations in social finance, financing for women entrepreneurs, advocacy for increased and sustained participation of women in the labor force, and investments in products and services that benefit women and girls¹⁶, the field of gender lens investing has emerged across the world over the last decade. Gender lens investing is an intentional incorporation of gender analysis into financial due-diligence during the investment process to promote social and/or economic empowerment of women in addition to achieving financial returns from the investments. A gender-inclusive approach in designing market-based instruments that play a significant role in promoting women's empowerment is a key characteristic of gender lens investing.

Figure 2: Field of Gender Lens Investing



Although many investors that adopt a gender lens have emerged across the globe in the last five years, most activity still remains confined to North America. Over the last decade, more than USD 4.6 bn in debt and equity capital has been deployed with a gender lens across the world.¹⁷ Investors have often used different interpretations of gender lens investing – for example funds such as Glenmede, Pax Elevate and Barclays promote women in leadership through gender lens investing, while others like Community Capital Management and Self-help Federal Credit Union view it as investment in access to services and capital specially targeted at women.

Dedicated field building efforts from a diverse set of actors such as Criterion Institute, The Global Impact Investing Network (GIIN), GivingCompass and USAID have imparted significant momentum to the field of gender lens investing. It is increasingly being discussed in the mainstream financial sector (including lenders/ bankers and commercial investors) as a tool for social change through 'valuing gender in finance'.¹⁸

¹⁶ The State of the Field of Gender Lens Investing, Criterion Institute, 2015

¹⁷ 'UK at 'tipping point' for gender lens investing', Natasha Turner, CityWire, Nov 2018

¹⁸ Ibid.

Drivers of Gender Lens Investing

Various factors such as wide-spread recognition of gender inequalities, increase in evidence of financial value creation through socio-economic empowerment of women, and improved policy environment are driving the adoption of gender lens investing.

Figure 3: Drivers of Gender Lens Investing



Wide-spread recognition of gender inequalities

- 1. Adoption of Sustainable Development Goals (SDG5):** The United Nations Sustainable Development Goals for 2030 adopted gender equality and female empowerment as the fifth goal for member countries that in turn catalysed formation of policies and programs by governments to promote women economic empowerment. Large corporates are also aligning operational strategies with SDG5 and have launched several programs towards achieving gender parity at the workplace and creating opportunities for women in their value chain. For instance, Unilever has been promoting women across its business value chain and aims to empower 5 million women by 2020 through up-skilling, and expanding opportunities in the retail value chain.¹⁹ In India, Unilever runs a rural direct-to-customer retail distribution initiative, Project Shakti to increase its rural network. The program has helped empower rural women financially, by creating livelihood opportunities and a regular stream of income, while also creating a self-sustaining model of micro entrepreneurs - called Shakti Ammas, for the company to increase its rural reach.
- 2. Economic empowerment as a tool to achieve social impact:** Evidence suggests that greater gender equity and increasing female economic participation are associated with higher growth, more favourable development outcomes, and lower income inequality.²⁰ Studies

¹⁹ Unilever company website

²⁰ <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1520.pdf>

show that women spend almost 90% of their incomes towards their families, compared to only 30-40% by men.²¹

Therefore, investing in economic empowerment of women has the potential to drive progress on not only SDG5, but also for several other goals; it will contribute towards eliminating poverty (SDG 1), reducing hunger and achieving food security (SDG 2), achieving good health and well-being (SDG 3), and fostering quality education (SDG 4). Governments, corporates and investors supporting SDGs hence invest in and work towards gender livelihoods/employment opportunities as it will help achieve other social outcomes as well.

3. Rise of media campaigns: Growing awareness amongst women along with access to better social and economic prospects over the last decade paved the way for global campaigns such as the “#MeToo” and “#TimesUP” movements. The ease and convenience of social media as well as the ubiquity of mobile phones has acted as an enabler to aggregate women’s voice across various forums and reach out to a wider audience. This has allowed gender discussions to grow as a movement, which was limited earlier given the mobility constraints faced by women. Further, movements such as the Deliver for Good campaign engaged different stakeholders to drive the investment case for advancing progress for girls and women and led to widespread disclosures on gender pay inequity across companies. These media campaigns helped establish widespread recognition of the discrimination and sexual harassment issues that women face at the workplace and in other spheres of life, resulting in the creation of national level policies for gender equity and safety at the workplace. These efforts also helped direct funds towards providing access to critical resources for women through information dissemination, higher visibility in the workforce and encouraging the positive cycle of women-leading-women.

Evidence of financial value creation through socio-economic empowerment of women

1. Improved business performance and profitability through gender diverse teams: Growing research backed evidence of improved financial returns by investing in gender diverse companies has led to the adoption of gender lens in public market investments. Several studies have highlighted a link between women in senior leadership positions and better business performance. The 2015 MSCI²² World Index study revealed that companies with more women in leadership roles generate a return on equity (ROE) of 10.1% per annum versus 7.4% for those without.²³ Another study by Catalyst, a global non-profit organization focused on empowering and accelerating women in business, shows that Fortune 500 companies with three or more corporate directors who are women, in at least four out of five years outperformed those with zero women directors (over years) by 84% on return on sales, 60% on return on invested capital, and 46% on return on equity.²⁴ Another study of 22,000 publicly traded companies found that an increase in women in leadership from 0 to 30% is associated with a 15% increase in profitability.²⁵ Research also suggests that companies with more gender-diverse boards and senior management have significantly lower volatility in returns; stable returns also being considered as integral to sustainable businesses by investors.²⁶

²¹ ‘10 reasons why investing in women and girls is so vital’, Global Citizen, Leticia Pfeffer, July 2014

²² MSCI is an independent provider of research-driven insights and tools for institutional investors, and a market leader in global equity indexes having over \$3.6 trillion in assets.

²³ ‘Women on Boards: Global trends in gender diversity on corporate boards’, MSCI, Nov 2015

²⁴ ‘The Bottom Line: Corporate Performance And Women’s Representation On Boards’, Catalyst, March 2011

²⁵ ‘If Investors Really Listened To Data, They’d Be Investing In Women’, Jonah Sachs, Fast Company, July 2018

²⁶ ‘Investing in female leaders makes business sense’, Johan Trocme, Nordea Markets, March 201

2. Increase in women investors and entrepreneurs: The increase in the number of high net worth women and women in leadership positions who are invested in gender empowerment is driving the field of gender lens investing. Women held \$39.6 tn, or about 30% of the world's wealth in 2016, up from 25% five years earlier.²⁷ While the world's wealth grew by 5.2% between 2015 and 2016, women's wealth grew by 6.6%.²⁸ Research studies show that women have greater interest in sustainable investing with positive socio-environmental returns, in addition to financial returns as compared to men.²⁹ The increase in women's wealth coupled with an interest in Socially Responsible Investing (SRI) is reflected in the increase in gender lens investments backed by influential/high net worth women globally.³⁰ There are numerous venture capital and private equity funds taking the lead in gender lens investing, led by women as part of the executive and investment teams.

Additionally, the number of women starting business ventures has been on the rise globally. Female entrepreneurship is up 10% since 2014 with 163 million women starting businesses across 74 economies worldwide.³¹ The surge in the number of women entrepreneurs and women-backed ventures has led to an increased demand for capital and other forms of investment as well as a pipeline which has consequently attracted more investors into the sector. However, capital supply is still limited with an existing unmet demand of over USD 285 billion from women-led businesses.³²

3. Business case for empowering women as consumers: According to a study by Goldman Sachs, 65% of all household spending decisions globally (on food, electronics, travel, healthcare and even automobiles and new homes) are controlled by women³³ and 30% of all private wealth is held by women³⁴; the global spending by women is close to US\$ 18 trillion.³⁵ By 2028, women are predicted to control almost 3/4th of all the discretionary spending worldwide.³⁶

Given that women form such a large proportion of the consumer base for businesses, several companies focused on building/ customizing solutions to empower women. For instance, in Nigeria, the Women's World Banking partnered with Diamond Bank to design the BETA savings account for low-income women entrepreneurs (as the consumer of their banking products), who were shown to save more than 60% of their earnings. As an affordable product offering doorstep service, BETA accounts have attracted more than 480,000 new customers to Diamond Bank since its launch in 2013.³⁷

²⁷ 'Women's Wealth Growing Faster Than Men's', Time Money, June 2016

²⁸ 'Is Women's Wealth Growing Faster Than Men's Wealth?', Segelke Financial Group, Nov 2016

²⁹ Whitepaper on 'Sustainable Signals', Morgan Stanley Institute for Sustainable Investing

³⁰ As per Intelicap analysis 70% of the gender lens investing funds were seeded by women investors and/or raised funds from women as limited partners

³¹ 'Women's Entrepreneurship 2016/2017 Report', Babson College

³² 'Investing in Women: New Evidence for the business case', IFC, 2017

³³ 'Women's Work: Driving the Economy', Goldman Sachs, 2013

³⁴ 'Gender-Lens Wealth', BCG and UBS Unique

³⁵ 'Want A Piece Of The 18 Trillion Dollar Female Economy? Start With Gender Bias', Michelle King, Forbes, May 2017

³⁶ 'Women: The next Emerging market', Ernst & Young, 2013

³⁷ Women's World Banking website, News Resources

Improved policy environment

1. **Gender pay equity:** As per a study by the World Bank, achieving gender parity at the workplace, specifically in terms of wages earned, is expected to result in an increase in the global GDP to US\$ 160 trillion by 2025.³⁸ However, currently female pay at non-CEO levels is still around 87% of their male counterparts.³⁹ Following increased discussions and widespread awareness on pay inequity across organizations, the UK, Germany, Australia and Nordic countries made gender pay gap disclosure mandatory in 2018. While most other countries have not made such disclosures mandatory yet, institutional investors and legislatures have been working towards overcoming this pay gap. Many governments such as the UK, Canada and Denmark have mandated improved representation of women in management, fair pay policies and flexible working hours for working women.
2. **Consideration for gender in infrastructure development:** Various studies⁴⁰ have brought out that the negative effects of poor physical infrastructure or the lack of it are more pronounced on women as compared to men. Where available, women benefit less than men from infrastructure, and are sometimes negatively impacted by “gender-blind” infrastructure development. This is because men and women have different needs and modes to access public infrastructure. For instance, most men typically take a direct route home from work, whereas women may take multiple connections since they undertake household chores on the way home. Gender-aware infrastructure development not only increases women’s opportunities and empowerment but also potentially enhances project effectiveness, efficiency and sustainability. SDG 9 also aims to promote inclusive and resilient infrastructure, which includes both men and women as stakeholders of this development.

Organizations such as the World Bank and Asian Development Bank are working towards mainstreaming gender considerations in their infrastructure projects, both as workers and end-users so as to maximize project outcomes. An increasing number of infrastructure projects are being designed with gender considerations. For example, a rural roads and markets project in Bangladesh allocated 30% of construction jobs, 30% membership in market management committee, and 30% vendor spaces to women. Some of these projects are also training women in skills related to the sector, enhancing access to information and markets, and also improving access to credit through various initiatives. There have also been initiatives towards allocation of public spaces with a consideration for gender aspects. For example, considering the religious and social practices, a separate café was created for Muslim women in Brussels to encourage entrepreneurial activities within the community. These interventions have led to an increase in entrepreneurship and employment opportunities for women and improved investor interest towards more women-focused projects.

3. **Women’s property rights:** Given the patriarchal land use and property ownership laws across most emerging economies worldwide, women are routinely denied property rights that limit their access to economic resources and opportunities. The Convention on the Elimination of All Forms of Discrimination against Women 1979, committed to ensure “the same rights for both

³⁸ ‘Gender pay gap costs global economy \$160tn, says World Bank study’, The Guardian, May 2018

³⁹ ‘Gender Pay Equity – What do Directors and Executives Need to Know?’, Kelly Malafis, CAPintel, May 2018

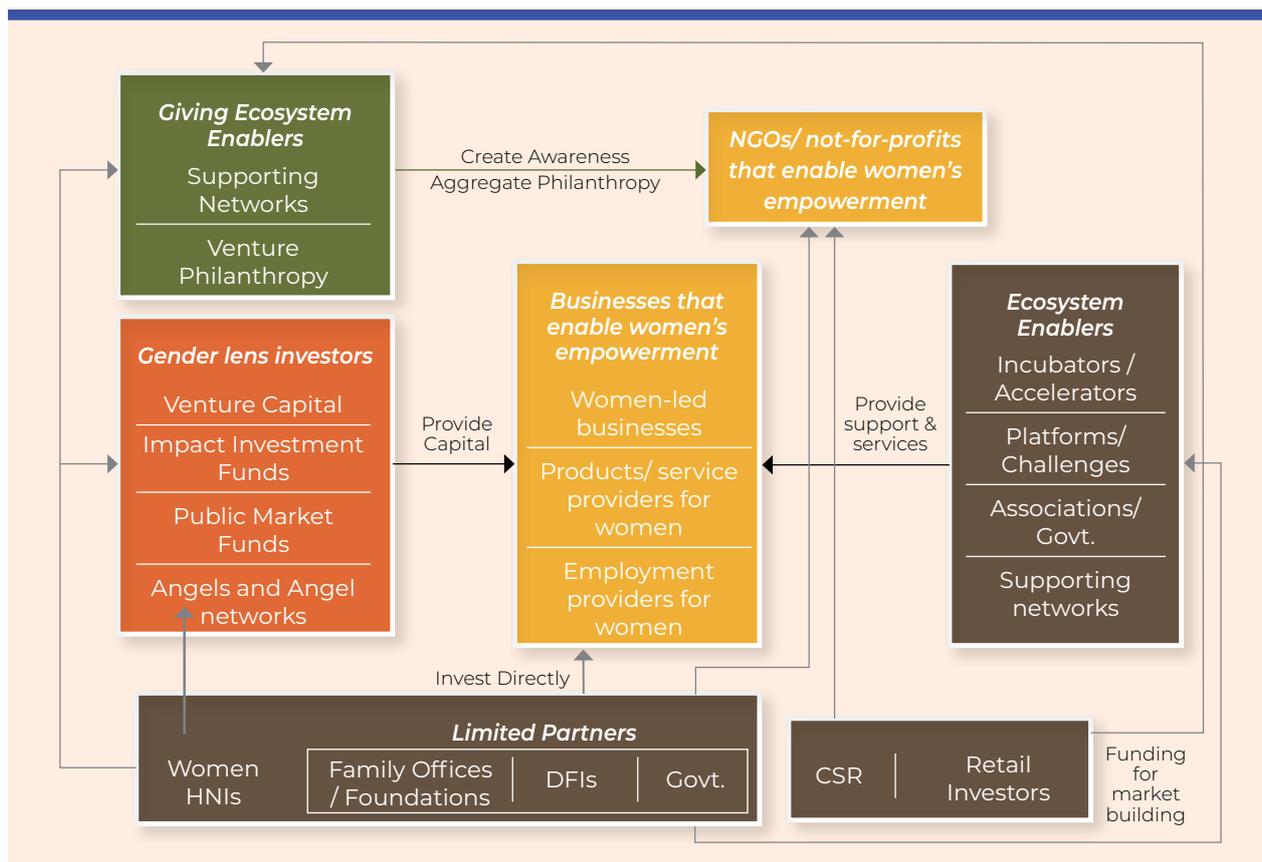
⁴⁰ Such as Access to Infrastructure and Women’s Time Allocation: Evidence and a Framework for Policy Analysis, Fondation pour les études et Recherches sur le Développement International, Annex on Gender Infrastructure to the paper on Gender, Poverty and Public Private Partnerships in Infrastructure, (PPPI), sponsored by the World bank, Infrastructure: A Game Changer for Women’s Economic Empowerment, UKAID & ICED and Making Infrastructure Work For Women And Men, The World Bank

spouses in respect of the ownership, acquisition, management, administration, enjoyment and disposition of property”. The Resolution 1997/19 for Women and their right to adequate housing and to land, housing and property, was adopted by the UN Sub-Commission on the Prevention of Discrimination and Protection of Minorities. Many governments have now adopted progressive women’s property acts and inheritance laws, though much needs to be achieved in terms of awareness creation, enforcement of laws and to change the traditional gender ideologies.

Key Stakeholders in the Field of Gender Lens Investing

The field of gender lens investing is built on three broad activities – implementing market driven strategies for social and economic empowerment of women to achieve gender equity; supporting and scaling gender focused businesses through capital infusion; and building enabling ecosystems through technical assistance interventions and promoting favorable policy regulations. Hence, there are three key stakeholder groups in the gender lens investing ecosystem – the gender focused businesses, gender lens investors and ecosystem enablers.

Figure 4: Gender Lens Investing - Stakeholders Map



In the last decade, there has been slow but steady growth of gender lens investments, research based evidence of their impact, and an increasing number of businesses that enable women’s empowerment across the globe. This report primarily focuses on businesses that enable women’s empowerment and gender lens investors. The following chapters examine the role of such businesses in the social and economic empowerment of women and assess the strategies adopted by gender lens investors in promoting such empowerment.

03 Businesses Enabling Women's Empowerment

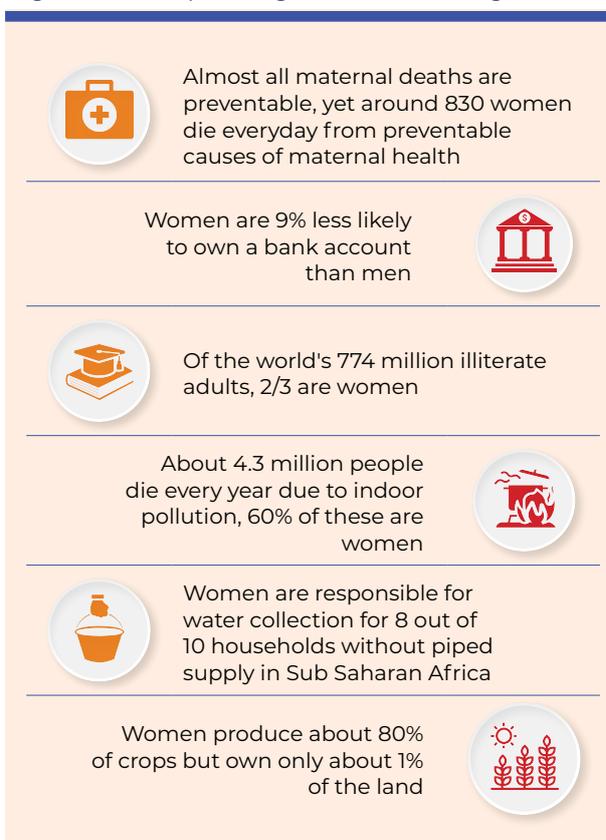
Gender inequality in access to opportunities and economic outcomes

Globally, and particularly in developing countries, women contend with gender disparities in both the social and economic spheres of their lives. Despite economic progress, the wide gaps in gender equality and access to opportunities remain a critical challenge, and have attracted significant philanthropic and investor interest.

Inequality of Opportunities: Women face disproportionate challenges in access to opportunities across all spheres of life such as education, health care services and finance. They also have to address social challenges such as gender stereotypes and mobility and safety issues, which in turn impacts women's social and economic empowerment.

Several developing countries in South Asia, Middle East, Africa and Latin America witness gender disparities across women life stages. Many of these countries face high rates of female feticide⁴¹ along with alarming rates of girl child malnutrition arising from income

Figure 5: Examples of gendered challenges



⁴¹ 'Gender Inequality', Issues-Views, Child Rights and You (CRY)

deprivation and limited disposable income routed towards male child or more critical household expenditures. Women and young girls in these regions also have limited access to education, with two-thirds of the world’s illiterate adult population comprising of women.⁴² Given the gendered nature of labor division, women and girls carry the burden of unpaid household labor and childcare, thus limiting their productive time for education and economic activities. Social practices such as child marriage and early pregnancies coupled with inadequate access to quality maternity care have negative impact on their health outcomes. Other gender disparities include domestic abuse and overall safety concerns.

In terms of economic opportunities, women represent around 56% of the financially excluded population globally⁴³, which significantly impacts their access to finance for economic activities. In terms of labor force participation, women tend to be in low paying and often menial jobs that do not provide them agency and decision-making powers. For example, in the agricultural sector women typically constitute the majority of the labor workforce while men manage the value added activities such as marketing and sales of the harvest. Despite contributing to more than 40% of the agricultural workforce in developing countries, women own less than 20% of the land⁴⁴ and lack access to their agriculture income.

These gendered challenges in access to basic products and services, in addition to traditional social norms, affect the social and economic empowerment of the women.

Inequality of Economic Outcomes: Across economic segments, women as leaders, entrepreneurs or workforce participants face discrimination in terms of access to finance, wage gaps and performance recognition.

Figure 6: Representation of women in workforce

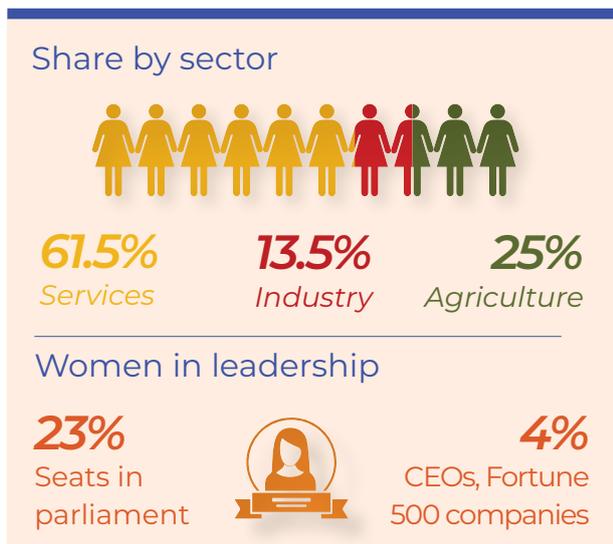


Figure 7: Global gender wage gap



42 <https://www.theguardian.com/global-development/2015/oct/20/two-thirds-of-worlds-illiterate-adults-are-women-report-finds>

43 The Global Findex Database 2017, World Bank Group

44 <http://www.un.org/womenwatch/feature/ruralwomen/facts-figures.html>

Gendered challenges at workplace: Across countries, more than 860 million women of employable age are currently not part of the workforce.⁴⁵ Women at work typically face gender pay gap not only due to under-representation of women in better paid jobs or higher positions but they also tend to get lower salaries while performing at an equal profile as men.⁴⁶ It is estimated that the average gender pay gap in emerging economies is close to 19%, while it is around 16% in OECD countries.⁴⁷ Women as leaders across political and corporates careers face glass ceilings with less than 4.6% women representing as elected heads of state⁴⁸ and only 4.8% of the Fortune 500 CEOs are women.⁴⁹

Gender biased entrepreneurship ecosystem: Women entrepreneurship is on the rise for the past decade owing to improved education outcomes and targeted interventions. According to the Global Entrepreneurship Monitor (GEM) Report for Women 2016/17, 163 million women started businesses in the preceding year across 74 economies worldwide – resulting in an increase in women entrepreneurial activity by 10% and narrowing of the gender gap (ratio of women to men participating in entrepreneurship) by 5%. Women now account for 20% of all entrepreneurs in the UK, 36% in Canada, 40% in the US and 55% in China.⁵⁰ However, majority of these women led enterprises are concentrated in micro and small business segments due to limited ecosystem support in terms of access to finance, market linkages and networks. It is estimated that globally, there is an unmet demand of USD 285 billion from women led businesses.⁵¹ Women-owned businesses receive less than 9%⁵² of venture capital in emerging markets. Further, the loan approval rates of women entrepreneurs are reportedly 15-20% lower than that of men.⁵³ There is less than 25% of women representation in leadership/ senior management positions across the global financial services sector (in private equity and banking industries). Women led businesses are often perceived as high risk investments by financiers,⁵⁴ and capital deployment in women enterprises remains low.

Figure 8: Disparity in access to finance



⁴⁵ 'Women's Work: Driving the Economy', Goldman Sachs, 2013

⁴⁶ 'Women are paid up to 45% less than men for the same job, study says', Valerie Bolden-Barrett, HRDrive, April 2018

⁴⁷ 'Gender inequality: Breaking the "grass" ceiling in emerging economies', OECD Insights, July 2016

⁴⁸ 'Women are better off today, but still far from being equal with men', Nikki van der Gaag, The Guardian, Sep 2014

⁴⁹ 'The Share of Female CEOs in the Fortune 500 dropped by 25% in 2018', Valentina Zarya, Fortune, May 2018

⁵⁰ 'The Global State of Women-Owned Small Business Enterprises', Genia Stevens, Business.com, Feb 2017

⁵¹ 'Investing in Women: New Evidence for the business case', IFC, 2017

⁵² Why Women Entrepreneurs Have a Harder Time Finding Funding, Jared Hecht, CEO Fundera, Sep 2016

⁵³ Why Women Entrepreneurs Have a Harder Time Finding Funding, Jared Hecht, CEO Fundera, Sep 2016

⁵⁴ Grant Thornton International Business Report 2015 Women in Business: The Path to Leadership, 2015

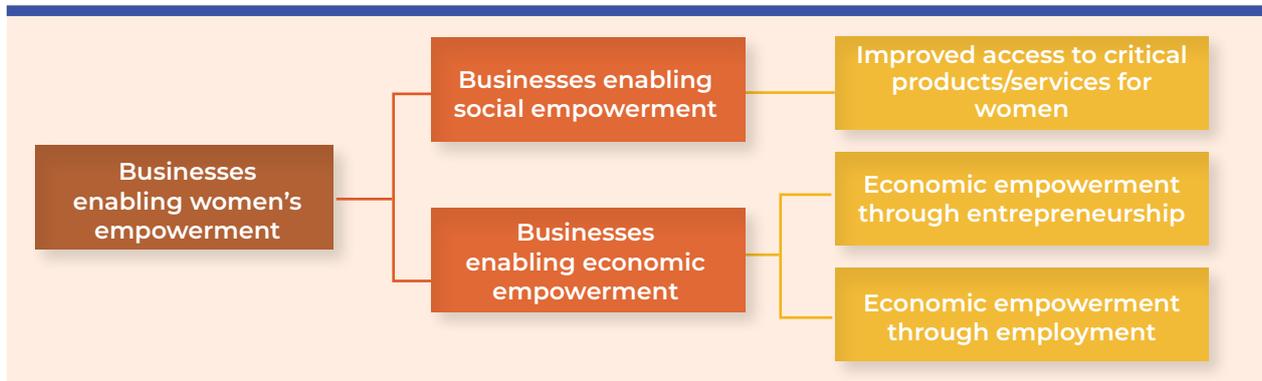
The next section covers the various segments of businesses that enable social and/or economic empowerment of women, the challenges they face to scale and interventions that support them.

Businesses enabling women's empowerment

One of the early for-profit models enabling women's empowerment that emerged in the 1970s was microfinance, which recognized the potential of low-income women as consumers of finance, and has since drawn millions of women into economic activities across developing countries. The for-profit nature of such businesses makes them financially sustainable – which in turn sustains the impact that they create. However, for-profit models might not be able to impact the ultra-poor, given their inability to pay for products and services. Consequently, for-profit models complement the non-profit and philanthropic efforts to promote gender equality. Further, research has established that women affect global consumer trends across industries⁵⁵, and will shape markets with their increasing purchasing power – which is an indication of the growth potential of businesses that target women as consumers.

Businesses enabling women's empowerment are for-profit models promoting social and/or economic empowerment of women

Figure 9: Categorization of businesses enabling women's empowerment



Note: The two categories of businesses enabling women's empowerment may not necessarily be mutually exclusive; some businesses may enable both social and economic empowerment for women. For instance, a menstrual hygiene products company which is owned by a woman that undertakes distribution through female agents provides a critical product for use by women.

⁵⁵ 'Women Dominate The Global Market Place; Here Are 5 Keys To Reaching Them', Susan Fabry, Continuum's Women & Children Group, Nov 2011

1. Businesses enabling women's social empowerment

Historically, government programs and the not-for-profit sector intervention have played an important and pioneering role in providing access to critical goods and services for women, especially in developing countries. However, growing recognition of the potential of for-profit enterprises, supported by impact investors, has resulted in private sector entrepreneurial activity in this space.

Businesses that provide access to critical products and services that improve the quality of life and reduce drudgery for women directly and indirectly enable their social empowerment. Such businesses usually offer products/services such as education, healthcare and safety/security, which have disproportionately higher benefits for women. Many of these businesses can be categorized as **impact enterprises** given that their business thesis is rooted in impact creation, often at the base of pyramid.

Microfinance⁵⁶ was one of the first businesses to focus on women as a key customer segment for sustained growth. MFIs provided under-served women with access to low cost capital to establish small business ventures, expand enterprise reach, or fulfill domestic demand for healthcare and education. More recently, in many countries – both developed and developing – there has been a rise of tech and non-tech enterprises providing specialized goods and services for women. These range from wearable emergency communication devices and self-defense products to women-focused skill-development services, and medico-legal assistance for women.

Although the need for such products and services is large, dependence on government programs and the limited ability of women customers to pay, especially at the base of income pyramid, have limited their uptake. Further, there is limited policy support for such businesses across countries. These issues negatively impact the profit margins of businesses, and therefore their ability to access capital at commercial rates. Hence, there is a need to design structures such as blended finance and outcomes based mechanisms to make more affordable capital available to such businesses.

Table 3: Examples of businesses enabling women's social empowerment

	<p>Affordable Healthcare Niram.ai offers an AI-based screening for an early and affordable diagnosis of breast cancer at the last mile</p>
	<p>Safety & Mobility Viira Cabs provides on-demand cab service for women, along with being a female driver bureau, a recruitment agency and a motor training school</p>
	<p>Clean Energy Greenway Grameen India provides clean biomass cook stoves to reduce harmful effects of indoor air pollutions from traditional cooking fuel</p>
	<p>Water & Sanitation ZanaAfrica provides rural women access to sanitary products which allow them to stay in school or increase work productivity</p>
	<p>Safety ROAR, an emergency device, allows women to seek help instantaneously by activating an alarm upon press of a button and also sends an alert along with the user's location to their emergency contacts.</p>

⁵⁶ Note: Microfinance businesses have been included in this segment since they provide financial services to women as their customer segment.

Interventions: In many developing countries, targeted ecosystem – supported by DFIs, impact investors, impact-focused incubators and service providers has emerged to support impact enterprises. These local impact ecosystems consist of impact investors, incubators and network builders who invest in scaling impact enterprises in the region, however, most of these interventions are currently gender agnostic. There is a need to build awareness and equip stakeholders to incorporate gender into their offerings to help businesses enabling social empowerment of women to sustain and scale. Specifically, interventions to structure appropriate financial products for such enterprises will help channelize more capital to them. For instance, FinDev Canada has been working with impact enterprises to help them become sustainable by providing innovative financial solutions with a potential to create jobs, empower women and/or mitigate climate change.

2. Businesses enabling women's economic empowerment

These businesses provide either entrepreneurship or employment opportunities for women, leading to income generation and economic empowerment. This also elevates the economic and societal status of women, and enables them to negotiate for decision-making powers in the household.

Moreover, businesses offering income generation opportunities not only lead to economic empowerment for women, but also benefit their communities since women spend a significant portion of their income towards their families.⁵⁷ Economically empowering women thus also results in social empowerment for their family, from enhanced education for children, better health care awareness, leading to lower mortality rates and reduced poverty.⁵⁸

Figure 10: Women economic empowerment through entrepreneurship



» Businesses enabling economic empowerment through entrepreneurship (women-led businesses)

As mentioned earlier, according to the Global Entrepreneurship Monitor (GEM) Report for Women 2016/17, 163 million women started businesses in the preceding year across 74 economies worldwide. These were in addition to over a 100 million women already running established businesses. Such entrepreneurial ventures, be they micro enterprises, SMEs or startups, serve to enable economic empowerment of women.

⁵⁷ '10 reasons why investing in women and girls is so vital', Global Citizen, Leticia Pfeffer, July 2014

⁵⁸ United Kingdom Department for International Development (2010), Agenda 2010 - The turning point on poverty: background paper on gender

a. Micro enterprises

Micro enterprises are very small scale businesses, centered on tapping local skills, and engaging with the local community to carry out operations. Traditionally, these businesses are informal in nature⁵⁹ and cater to the local market demand and generate a customer base through social interactions. Given the traditional role of women to manage domestic work including child care and being primarily responsible for agricultural labor, majority of the women run enterprises are micro enterprises that allow them to manage their dual roles.

Most women-owned microenterprises operate in consumer-oriented sectors, with textiles, handicrafts, agri/ food products, dairy and poultry dominating the space. In rural and developing economies, cooperatives and Self Help Group (SHG) models have been able to aggregate such women micro-entrepreneurs. These models provide women with a cohesive platform to build their capacities, network and improve their bargaining power, thereby helping them to establish their economic and social independence. Also, these models enable women to formalize their businesses and improve their access to credit, in order to scale up. Such aggregation has also helped women leverage their collective voices to change traditional belief systems and societal norms relating to employment and entrepreneurship. In the last decade, a new class of online businesses has emerged to leverage social media and e-commerce platforms to sell their products and services. While this remains an urban trend, it is reaching back into rural artisanal communities as well.

With limited capacity and innovation, limited market reach, local concentration and exposure to seasonality, microenterprises often operate at a subsistence level. Other issues

Table 4: Examples of Government Interventions for Women Microenterprises, Cooperatives and SHGs

Countries	Government Intervention	Support provided
Nigeria	<i>MarketMoni</i>	The program provides loans to women and traders, artisans, enterprising youth and small scale farmers and agri workers belonging to a registered and accredited market association, cooperative or trade group. The loan program has benefitted over 350,000 micro enterprises across 36 states in Nigeria, and created employment for 5000 Nigerians as MarketMoni agents.
Kenya	<i>Women Enterprise Fund</i>	A semi-autonomous Government Agency which provides accessible and affordable credit to support women start and/or expand business for wealth and employment creation. Currently engages with several SHGs. It has allowed reliable incomes for families, better nutrition, child education, improved health and better housing for women groups who received funds.
Philippines	<i>Women in Small Business Enterprises Act 1995</i>	Prioritizes women in obtaining a loan from any financial institution for the purchase of equipment, tools and materials to start a micro or cottage business. Government financing institutions like Landbank of Philippines and Development Bank of Philippines are mandated to provide financial assistance to: 1) NGO's engaged in developing women's enterprises, 2) existing women enterprises and, 3) potential women entrepreneurs with sufficient training
India	<i>Development of Women and Children in Urban Areas (DWCUA)</i>	Special incentive to urban poor women to set-up self-employment ventures in groups, and taking up any economic activity suited to their skill, training, aptitude and local conditions by providing loans

⁵⁹ Informal businesses are unregistered entities, operating in the unorganized sector with a single proprietor. These businesses tend to operate out of residential properties and have a team size that is below the minimum requirement mandated for registration. As a result, their operations are often unregulated - in terms of payment of taxes, workforce regulations, infrastructure usage and others.

include shortage of capital which to a certain extent is met by microfinance initiatives, though at significantly high costs that constrains the growth potential of these enterprises. Microenterprises also face challenges in procuring raw material, logistics and have limited access to business networks.

Interventions: Governments and private sector actors have initiated programs to support women-led micro enterprises, especially in developing countries. These programs may include initiatives that support specific aspects of business such as access to finance, skill development or market access; or support specific sectors in order to remove identified hurdles for women entrepreneurs.⁶⁰ Large corporates and retailers such as IKEA and Unilever have undertaken initiatives to engage with women-led cooperatives as suppliers in their value chain, thus providing them access to markets and better price realization.⁶¹ Governments in a number of countries across Asia and Africa have been working to support cooperatives and SHGs through laws and policies on subsidized loans, share capital contribution, increasing access to markets, ensuring fair prices, and creating an enabling environment for the private sector to work with these microenterprises.

b. Small & Growing Businesses (SGBs)/ Small & Medium Enterprises (SMEs)

While formal definitions of SGBs/ SMEs vary across geographies, they are typically enterprises that employ up to 250 employees and have a turnover of up to USD 15 million.⁶² Women-led SGBs typically tend to be considerably smaller than these benchmarks. They span across both developed and emerging countries, as well as across sectors, with most of them providing retail, beauty and food services. In Africa and Asia specifically, about 75% of women are in these consumer-oriented sectors.⁶³ Only a small percentage of these SGBs engage in manufacturing.

Table 5: Examples of Interventions for Enhancing Finance for Women-led SGBs

Countries	Intervention	Support provided
Uganda	<i>Uganda Women Entrepreneurship Programme</i>	Initiated by the Government of Uganda through Ministry of Gender Labour and Social Development to strengthen capacity of women through entrepreneurship programme. It aims to impact 10,000 women through adequate entrepreneurship capacity and skills.
Vietnam	<i>World Bank financed Vietnam Land Administration Project</i>	Vietnam amended the Land Law issuing husbands and wives joint titles (around 60% of LUCs were issued as joint titles), leading to 42% of women using land as collateral to access bank loans. Around 3.4 million Land Use Certificates (LUC) were issued/updated.
Canada	<i>Women Entrepreneurship Strategy (WES)</i>	Canada launched a federal government intervention under the 2018 budget which is a \$2-billion investment with the aim to double the number of women-owned and women-led businesses by 2025.

⁶⁰ In India, for instance, the Government has implemented a program that exclusively focuses on women microenterprises involved in the processing of coir. Elsewhere, the Inter-American Development Bank has been engaged in training 100,000 women micro-entrepreneurs across sectors in Peru.

⁶¹ MasterCard and Unilever join forces to empower small and micro businesses in emerging markets Feb 2017; IKEA is working with Rangasutra and Industree in India to engage handicraft making women cooperatives and SHGs

⁶² OECD data: Enterprises by business size

⁶³ 'Are women entrepreneurs the key to global economic development?', Lisa Cornish, Devex, Sep 2017

Limited access to finance is one of the biggest bottleneck faced by women-led SGBs^{64,65}, and is due to limited women's ownership of assets that can serve as collateral, lack of women-centric financial instruments and the pervasive patriarchal mindset (which also includes staff in financial institutions) that makes borrowing difficult for women.⁶⁶ In many cases, the social status of women and prevalent social norms influence the risk perception of financial institutions and the ability of women-led SGBs to access finance. These factors also contribute to the women-owned SGBs' limited access to technical support facilities and business education.

Interventions: Several government and private sector interventions provide targeted support to women-led SGBs through financial and technical assistance. Governments across developed and developing countries have schemes providing subsidized access to finance for women entrepreneurs, and run initiatives for targeted mentorship support and access to business development services such as legal, marketing, human resources and technical services for women entrepreneurs. Private sector companies such as Walmart, Goldman Sachs and Amazon, have also supported women-led SGBs by providing market linkages, knowledge dissemination through case studies, and tailored training programs.⁶⁷

Goldman Sachs 10,000 women

initiative was launched in 2008 for women entrepreneurs in emerging countries, to provide a business education, access to mentors and networks, and links to capital for 10,000 underserved women operating small businesses.

c. Start-ups and High Growth Businesses

Start-ups and high growth businesses are young enterprises that have highly scalable models, driven by innovation or by addressing an untapped market. Many women-led startups engage in businesses that in turn impact women as beneficiaries, serve them as customers or create job opportunities for women. A majority of these startups are primarily concentrated in the healthcare, clean technology, artificial intelligence (AI), enterprise technology, consumer products and services and cyber security businesses.⁶⁸ Some of them are also engaged in the food technology and processing sectors.

Grab, a ride-hailing service, provides transportation options like taxis, private cars and bikes and has more than 350,000 drivers and 19 million users across Southeast Asia. Over the last year, number of women drivers at Grab grew by 230%.

Pandia Health, USA makes birth control easily accessible for women through telehealth consultations and prescriptions, as well as discreet contraceptive delivery. It partners with doctors and pharmacies to reach patients at the last mile. It helps reduce the risk of cancers in women and increases the number of women completing education or continuing jobs.

⁶⁴ 'Expanding Women's Access to Financial Services', John Isaac, World Bank, Feb 2014

⁶⁵ 'Solutions to Increase Access to Finance for Women-Owned Businesses in the Middle East and North Africa', IFC

⁶⁶ 'Investing in the Power of Women', Progress Report on the Goldman Sachs 10,000 Women Initiative, Babson College

⁶⁷ The Government of India launched the Udyam Sakhi Portal for women entrepreneurs, with the aim to create business models for low cost products and services to empower women. Similarly, the Kenyan Government initiated listing of SMEs at the Nairobi Stock Exchange in the year 2010 to boost credit facilities accessible by SGBs

⁶⁸ 'Why Investing in Women-Led Startups Is the Smart Move', David Nethero, Entrepreneur India, March 2018

Access to finance from commercial investors and financial institutions is the single largest issue that women-led startups face across the world. Several studies show that women-owned businesses still receive less than 9% of venture capital in emerging markets⁶⁹ and only about 3% globally⁷⁰. Further, male entrepreneurs tend to form more informal networks that provide access to financial and mentoring support and hence, are able to raise capital more readily, that women find difficult to access.⁷¹

Interventions: Various women focused accelerator programs (as highlighted in figure 11) are working to connect these startups to funding sources, provide mentorship and develop better business understanding to move towards profitability. A majority of these are based in developed countries, primarily USA, but there has been an increase in the number of such programs around the world.⁷² Further, governments are also making incentives available for women-owned startups, such as tax deductions and export incentive schemes, along with provision for finance for women entrepreneurs in certain high growth sectors.

However, despite interventions by government bodies, NGOs, social scientists, researchers and international agencies over the last few decades, women-led businesses continue to face several barriers such as access to finance, limited market-linkages, work place facilities, and social constraints to scale their businesses.

Figure 11: Examples of Women focused accelerators across the globe

She Leads Africa

Based in Nigeria, the accelerator is focused on African women entrepreneurs. Provides a 3-month accelerator program with mentorship, relevant information, funding pitches and capital access.

Digital Undivided

Based in USA and focused on black and Latina women founders. Provides access to education, mentorship, office space for up to a year, and access to seed funding through Maya Venture's Harriet Angel Syndicate

Prosper Women Entrepreneurs

US-based, focused on increasing access to capital and number of women investing in capital markets. Has an all-female portfolio and mostly female mentorship and executive team

empower

India's first accelerator for women entrepreneurs in tech. Offers 6-month accelerator program followed by 1-year support. Provides industry connects, mentorship, and access to funding.

» **Businesses enabling economic empowerment through employment**

Apart from women-led businesses, there are businesses that empower women economically by creating employment opportunities for them. These businesses can be categorized based on how women are integrated in the business and the type of interventions undertaken to create employment opportunities for women.

⁶⁹ 'Why Women Entrepreneurs Have a Harder Time Finding Funding', Jared Hecht, CEO Fundera, Sep 2016

⁷⁰ 'How Women Entrepreneurs Are Closing The Venture Capital Gap', Carrie Kerpen, Forbes, Apr 2018

⁷¹ Brush CG (1992) Research on women business owners: Past trends, a new perspective and future directions. *Entrepreneurship Theory and Practice* 16: 5-30.

⁷² Digital Undivided, Capital Innovators, LaunchTN and Dreamit are some of the leading accelerators supporting female entrepreneurs in the US., whereas Startup Chile, Empoderando Mujeres, Capital Abeja and The S Factory are the leading accelerators/ incubators targeted towards women entrepreneurs.

a. Businesses that predominantly employ women

These businesses might or might not be women-led, but are predominantly staffed by women – due to reasons such as dependence on specific skill-sets that may be dominated by women, market requirements, need from women consumers to be served by women (for safety or other social reasons), availability of talent or compliance requirements of financial or non-financial support providers.

Such businesses undertake various interventions to ensure equitable working conditions for women. Interventions range from industry trainings for relevant skill building, HR policy improvement to achieve pay parity while hiring across departments, flexible working hours and provision of services to enable women's productivity such as child care. Some organizations also conduct periodic assessment to identify women-specific challenges, and initiate programs to eliminate the same, resulting in better retention of female talent.

WellStar Health System is a not-for-profit organization based in the US, providing healthcare services. More than 83% of its workforce comprises of women, in critical patient roles. They have innovative work-life balance strategies for women such as on-site child care, paid parental leave and elderly care options.

RangSutra works with local artisans in rural India, with over 70% being women. It provides skills training and employment for ethical sourcing of products and ensures increased income generation for women artisans. The initiative has transformed the lives of more than 3,000 artisans, increasing their monthly earnings from INR 1,000 to INR 3,000-5,000.

b. Businesses enabling women as suppliers and distributors

Several corporates and SMEs have specific programs in place to promote greater opportunities for women, both upstream and downstream in their value chains. Businesses have realized that suppliers and distributors who mirror the company's customer base are better able to anticipate market needs and innovations to provide a competitive edge. Many businesses are, consequently, consciously working towards having more women in their supply chains – both as entrepreneurs and employees.

Table 6: Engagement of women in business value chain

	<p>Women as suppliers</p>	<p>Walmart launched its diversity sourcing initiative in 2011 for global Women's Economic Empowerment (WEE) through their key account supplier teams. In 2016 alone, the company sourced \$21.2 billion from US based women-owned businesses (WOB) and more than \$250 million from WOBs internationally.</p>
	<p>Women as online vendors</p>	<p>Amazon is running an initiative to register women entrepreneurs as 'Sahelis' and facilitate sales of their products to its customers across the country. The company provides free onboarding trainings for women to learn nuances of online sales, and also assigns dedicated account manager to get them started on the portal.</p>
	<p>Women as distributors</p>	<p>Direct sales companies such as Oriflame, Thirty-one Gifts and Amway have been working with women as their product distributors. This provides stay-at-moms with a source of income, who eventually become individual business owners by connecting with other women and learning from them.</p>

These businesses engage with women business owners in their value chains to create awareness on asset ownership, understanding of legal and regulatory nuances and also help develop business innovation ideas for further growth. Government interventions have also been designed to allow women suppliers' access critical market linkages in the industry. The Kenyan Government, for instance, made a provision for 33% of procurement opportunities to be accessed by women.⁷³ Further, some companies are providing loans and financial services, online supplier trainings, capacity building support, and imparting financial management skills. These interventions also allow smaller suppliers and distributors to build networks allowing them easy access to information as well as credit. Moreover, several tech businesses and online retailers have been engaging with women vendors to integrate them as part of their supply chain. Amazon has been empowering women entrepreneurs – called 'Saheli' across India, with a separate section displaying products and handicrafts created by women.

c. Businesses that promote gender-equity at the workplace

Several large corporates like Unilever, Apple and Coca-Cola have been working towards achieving gender parity at the workplace, in terms of participation of women at senior/ executive roles as well as pay equality and safety for women at work. Embedding gender considerations

Canada-based **BMO Financial** has been working towards gender inclusion across the organization, with almost 40% of its senior leadership roles and one-third of board roles held by women

throughout company functions, processes, policies, values and relationships across the value chain allows these companies to create employment opportunities for women as well as ensures business success by attracting and retaining talent.

These organizations have created interventions focused on training management personnel in the obvious as well as subtle discrimination prevalent at the workplace, create provisions for on-site child care facilities and establish policies to ensure that men and women are compensated equally and also treated equally in recruitment, training, and promotions.

Additionally, interventions are driven by the fact that companies with more gender diverse boards and management have more stable returns⁷⁴, and specifically in the tech industry, women entrepreneurs are seen to generate a 35% higher ROI than their male counterparts.⁷⁵ Studies conducted by corporates such as Sodexo within their organization show correlation between gender diversity and consumer satisfaction as well as improved operating profit.⁷⁶ This further drives businesses towards promoting women across roles in the workplace and supporting them for executive and C-level positions through appropriate policies and guidelines.

In addition to their potential to promote social and economic empowerment of women, the strong business case of such enterprises has led to the emergence of the field of gender lens investing. The following chapter examines the global gender lens investing strategies adopted by investors.

⁷³ 'The importance of financing women-owned MSMEs in the global supply chain', Omokehinde Adebajo, Mastercard

⁷⁴ 'Investing in female leaders makes business sense', Johan Trocme, Nordea Markets, March 2018

⁷⁵ 'If Investors Really Listened To Data, They'd Be Investing In Women', Jonah Sachs, Fast Company, July 2018

⁷⁶ 'Gender balance and the link to performance', Michel Landel, McKinsey Quarterly, Feb 2015

04 Gender Lens Investors and their Strategies

Investors have deployed more than USD 4.6 bn in debt and equity capital with gender lens across the world over the last decade.⁷⁷ This chapter examines the gender lens investors and their investment strategies across the regions – Asia, Africa, Australia, Europe, North America and Latin America & Caribbean. Gender-focused investment funds were mapped across public markets and private investments to create a research database of 82 funds which informs this chapter.

The chapter presents the landscape of gender lens investing across geographies, vintage of funds and strategies they deploy, sources of funds and financial instruments, and the role of women in building the practice of gender lens investing.

Gender Lens Investing – An investing approach to promote social and/or economic empowerment of women, in addition to financial returns

1. **Social Empowerment:** Investors use the gender lens to invest in businesses that improve access to critical goods and services for women which impact their quality of life, security and well-being, leading to their social empowerment.
2. **Economic Empowerment:** Investors use gender lens to create a level playing field for women in the area of entrepreneurship and employment to enable their economic empowerment through
 - a. Improved access to finance for women-led businesses: Investors provide targeted capital to improve access to finance for women led businesses across micro, small and medium and high growth enterprise segments.
 - b. More equitable opportunities for women as employees: Investors use gender lens to invest in businesses that enable equal access to employment and growth opportunities to women across business segments, hierarchies and in leadership and board positions.

(Intellicap Analysis)

⁷⁷ Source: 'UK at 'tipping point' for gender lens investing', Natasha Turner, CityWire, Nov 2018

Landscape Assessment of Gender Lens Investing

While much of the gender lens investing activity is concentrated in North America, a number of funds adopting some form of gender lens in their investment selection have emerged across developing countries over the last few years. Almost 80% of the funds have commenced operations in the last five years. The gender lens investment activity is concentrated in the developed regions – in North America, Europe and Australia, and these regions have also witnessed significant growth in last few years. The practice of gender lens investing in the developed countries was originally led by women, either as investors or as influencers – through initiatives such as Texas Women Ventures and Phenomenelle in North America and CPG’s Women’s Values Fund in Europe. Subsequently, larger institutional investors adopted gender lens investment as a strategy – backed by entities such as the Women’s World Bank, Calvert Foundation and Morgan Stanley. More recently, entrepreneurship initiatives and funds with a gender focus have been launched all over the world – some under the umbrella of impact investing, with substantial capital committed by entities such as OPIC, IFC, the We-Fi initiative and DFAT.

Figure 12: Gender Lens Funds by Timeline & Regional Distribution

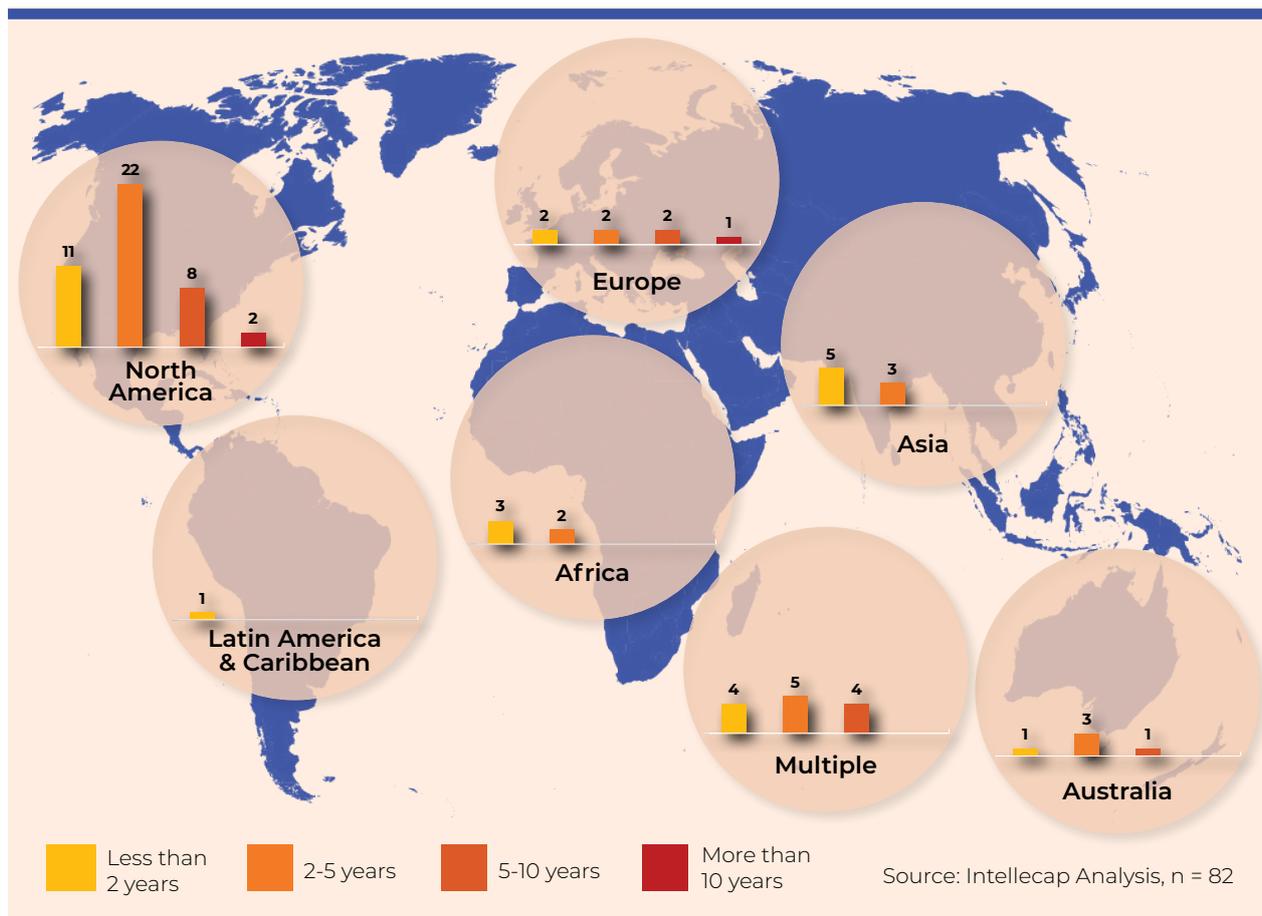


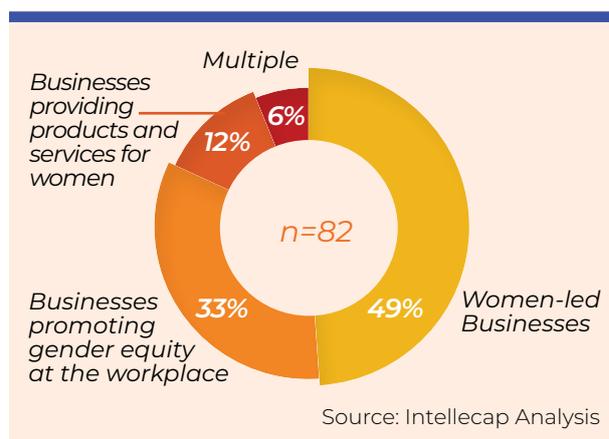
Table 7: Examples of Gender Lens Investment Funds by DFIs

Name of initiative	Support provided
First Emerging Market Gender Bond by Garanti Bank	IFC invested \$75 million in a bond issue by Turkey's Garanti Bank, which is the first private sector gender bond in emerging markets aiming to finance enterprises owned or managed by women. The investment is in partnership with the Women Entrepreneurs Opportunity Facility (WEOF), launched by IFC through its Banking on Women Program, and Goldman Sachs' 10,000 Women initiative.
Enabling an Empowering Business Environment for Women Entrepreneurs in Sri Lanka	The Asian Development Bank (ADB) received \$12.6 million as grant from We-Fi to improve the business environment for women-owned/led SMEs in Sri Lanka. The program aims at building capacity of women entrepreneurs, improve access to finance, and strengthen evidence and data, vital for economic growth and job creation in the country. It also develops innovative SME financing schemes, while building enterprise capacity. The program aims to reduce Sri Lanka's gender credit gap, which is estimated at \$350 million.
BRAVE Women program	Prioritizes women in obtaining a loan from any financial institution for the purchase of equipment, tools and materials to start a micro or cottage business. Government financing institutions like Landbank of Philippines and Development Bank of Philippines are mandated to provide financial assistance to: 1) NGO's engaged in developing women's enterprises, 2) existing women enterprises and, 3) potential women entrepreneurs with sufficient training
Creating Finance and Markets for All	The World Bank Group was granted \$75 million for the "Creating Finance and Markets for All" program, with \$49 million allocated to IFC to lead private-sector initiatives, and \$26 million allocated to World Bank to lead public-sector activities. World Bank will dedicate part of its funds to International Development Association (IDA) eligible countries and conflict affected states where women struggle to grow their SMEs, including countries like Bangladesh, Cote d'Ivoire, Mozambique, Nigeria, Pakistan, Senegal, Tanzania, and Zambia.

Most funds have adopted the strategy of enabling women's economic empowerment by investing in women-led businesses or creating level playing field for women at workplace. Gender lens investing in its initial years comprised almost entirely of investing in women-led businesses. This trend continues even today, when gender lens investing strategies have been adopted worldwide. The practice of integrating a more holistic 'gender-analysis' as a part of the investment process to invest in businesses that promote economic empowerment and equity at the workplace is a more recent development. This strategy seeks to include gender-disaggregated data in the investment process - from sourcing through due-diligence and post-investment interactions - to invest in businesses that promote workplace equity by having gender-equitable policies and attention to gender aspects in hiring, sourcing and business development.

Fewer funds reported investing with the purpose of enabling social empowerment by investing in businesses that provide critical products and services for women and girls. This could be driven by a comparatively narrower pipeline of investible businesses that exclusively focus on women and girls or lack of explicit adoption of gender lens by impact investors who are currently funding such enterprises.

Figure 13: Share of Funds by GLI Strategy



Equity is the most widely used investment instrument for gender lens investing – especially for enabling women's economic empowerment. Funds that invest in women-led businesses are almost exclusively private equity funds while those that invest in workplace equity are publicly traded stocks and funds. Most of these equity funds are active in developed countries. Debt is the

more commonly used instrument for gender lens investing in developing countries. This is due to the nature and scale of business models in developing countries, and their limited ability to scale and provide the kind of returns that equity investors expect.

Funds that invest with the purpose of enabling women’s social empowerment by investing in businesses that provide products and services for women and girls also more often provide debt and in some cases, grants, rather than equity, for similar reasons.

There has been an increase in adoption of gender lens in public markets over the last few years. Most of the gender lens focused public-market funds have commenced operations in the last five years, with almost all of them in the developed countries. Documenting and demonstrating the lessons learned from the successes and failures of these funds will be critical to initiate similar funds in developing countries – where the use of public markets for gender lens investing is almost non-existent. A few developing countries have government mandates or other measures to ensure that boardrooms of publicly listed companies are gender-diverse. However, many countries do not have any measures to tackle workplace inequities; and gender focused funds in the public markets may have a role to play in addressing this issue.

The following section presents an analysis of these strategies to identify trends and create hypothesis for potential interventions to mainstream gender lens investing – especially in developing countries.

Figure 14: Instruments of Investment by GLI Strategy

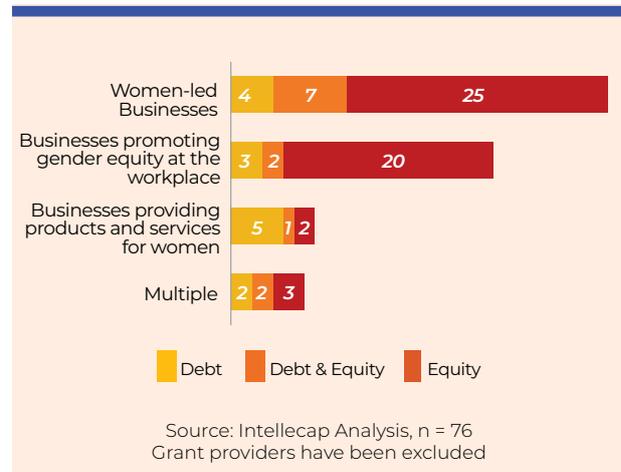
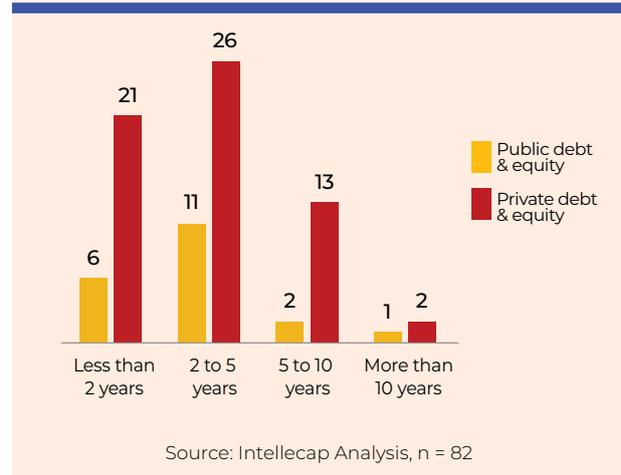


Figure 15: Number of Public and Private Funds with a Gender Focus, Timeline of Commencement



Strategy 1: Gender lens investing enabling social empowerment

Funds adopting this strategy invest in businesses that create measurable social empowerment by providing critical products and services for women – such as healthcare, education and access to finance. More than 70% of funds adopting this strategy have commenced operations in the last five years. Less than 20% of the funds in our database have adopted this strategy, and they are spread across developed and developing countries. Many of these funds such as Women Livelihood Bonds by Impact Investment Exchange and Banking on Women Bond Program by IFC are investing in businesses that improve access to micro-finance for women. Other funds such as Women Investing in Women by Calvert Foundation, Clean Working Capital Fund by Global Alliance for Clean Cook stoves and Water for Women Fund by The Government of Australia are investing in businesses that empower women through access to affordable housing, healthcare, education, clean energy and water.

While a few impact investors have invested in enterprises that enable social empowerment, they do not have an explicit gender mandate. Consequently, these investors do not explicitly conduct gender analysis as part of the due-diligence process; instead, they conduct a post-investment ‘counting’ of the number of women impacted. Some impact investors like Aavishkaar and Acumen operate in developing countries and invest in healthcare, agriculture, WASH, education and clean energy enterprises. They have significant gender impact but often count only the number of women beneficiaries as part of their fund’s impact assessment, without undertaking any gender-specific evaluation at the pre-investment stage. Such impact investors could be nudged to have an explicit focus on gender from the pre-investment stage itself to create success stories, which may help to crowd in more investments with this strategy.

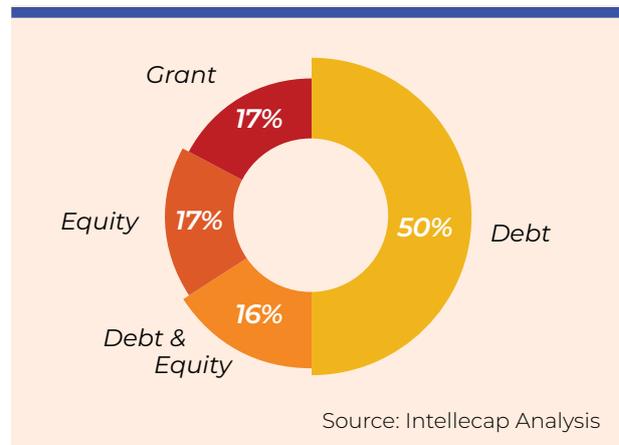
Table 8: Examples of gender investments made by impact investors

Fund Name	Gender focus
Root Capital	With key focus on the agricultural sector and small holder farmers specifically, Root Capital provides access to finance to women farmers through grants and training support. It has recently partnered with the Australian Government (Investing in Women) to invest in women-led SMEs in agricultural businesses in South East Asia.
Aavishkaar	Aavishkaar, which supports and invests in early stage entrepreneurs, has 33% of its portfolio companies with women promoters. Also, of the 200,000 livelihoods created by its investees, 60% are for women. It is also part of the Consortium for Women Entrepreneurs, a platform that supports prospective and present women entrepreneurs in the country.
Omidyar Network	Omidyar, which invests in enterprises across Asia, Africa and Latin America, has several of its investee companies that provide skills training and access to education, create livelihood opportunities, secure land rights, and engage in policy advocacy for women.
Accion	Accion provides mentoring and capital to enterprises and start-ups that help small businesses grow. A majority of its portfolio companies offer alternate financing solutions for SMEs and micro-entrepreneurs, primarily focused on women enterprises.

Less than 20% of the funds that adopt this strategy use equity as an instrument of investment. Further, these equity funds are largely based in the developed countries and those that do focus on developing countries focus on microfinance. In many developing countries, critical goods and services for women and girls that socially empower them – such as education, primary healthcare and maternal and child support – are often subsidized by governments directly or indirectly, on account of being national priorities. For instance, in order to reduce indoor air pollution and provide access to electricity, several state governments in India have been distributing highly subsidized clean cook-stoves and solar lamps for rural women. Similarly, in December

2017, the South African government declared extension of fully subsidized higher education for poor and working class students. Such subsidization potentially limits the scope for businesses to scale up and provide returns at rates that match the expectations of equity investors. Consequently, it is not unexpected that many funds that deploy this strategy provide debt, and in a few cases, grants. Given that governments in developing countries are expected to continue with their support in the foreseeable future, private businesses that operate outside of such support will require capital that is more affordable than equity. Financial structures such as blended finance and outcomes-based mechanisms can, potentially, fill this gap.

Figure 16: Share of Funds by Instrument of Investment



Impact bonds have been piloted across developing countries to enhance the provision of specific goods or services to women in developing countries; however their effectiveness remains to be seen. Impact bonds are entirely focused on achieving targeted outcomes and have the potential to leverage private philanthropic capital to address some of the world's greatest challenges. They give donors and philanthropic organizations a way to introduce accountability and efficiencies into the development sector. The successes or failures of such interventions, however, can be gauged only in the middle-to-long term given the inherently long gestation periods of these interventions. For instance, the Utkrisht Impact Bond was launched in India in 2017 by USAID to improve maternal care and reduce maternal mortality rates – with the hypothesis that if successful, up to 10,000 maternal and newborn deaths could be averted over a five-year period. However, the involvement of mainstream institutional investors in such initiatives has been limited so far.

This strategy of investing to enable social empowerment of women holds tremendous potential to drive the field of gender lens investing, especially in developing countries. With improved educational and economic attainments of women in developing countries, and women being increasingly perceived as paying customers rather than beneficiaries, numerous businesses that cater to women customers are poised for growth. Several studies over the recent years have shown that nearly 60% of businesses that cater to or invest in women have seen increased profits through opening or expansion of markets.⁷⁸ It is to be noted here that many of these businesses might not exclusively serve women customers or focus on the critical sectors, but might hold the potential to socially empower women customers. Gender lens investors and impact investors need to recognize this fact and assess a wider pipeline of businesses to increase their investments using this strategy.

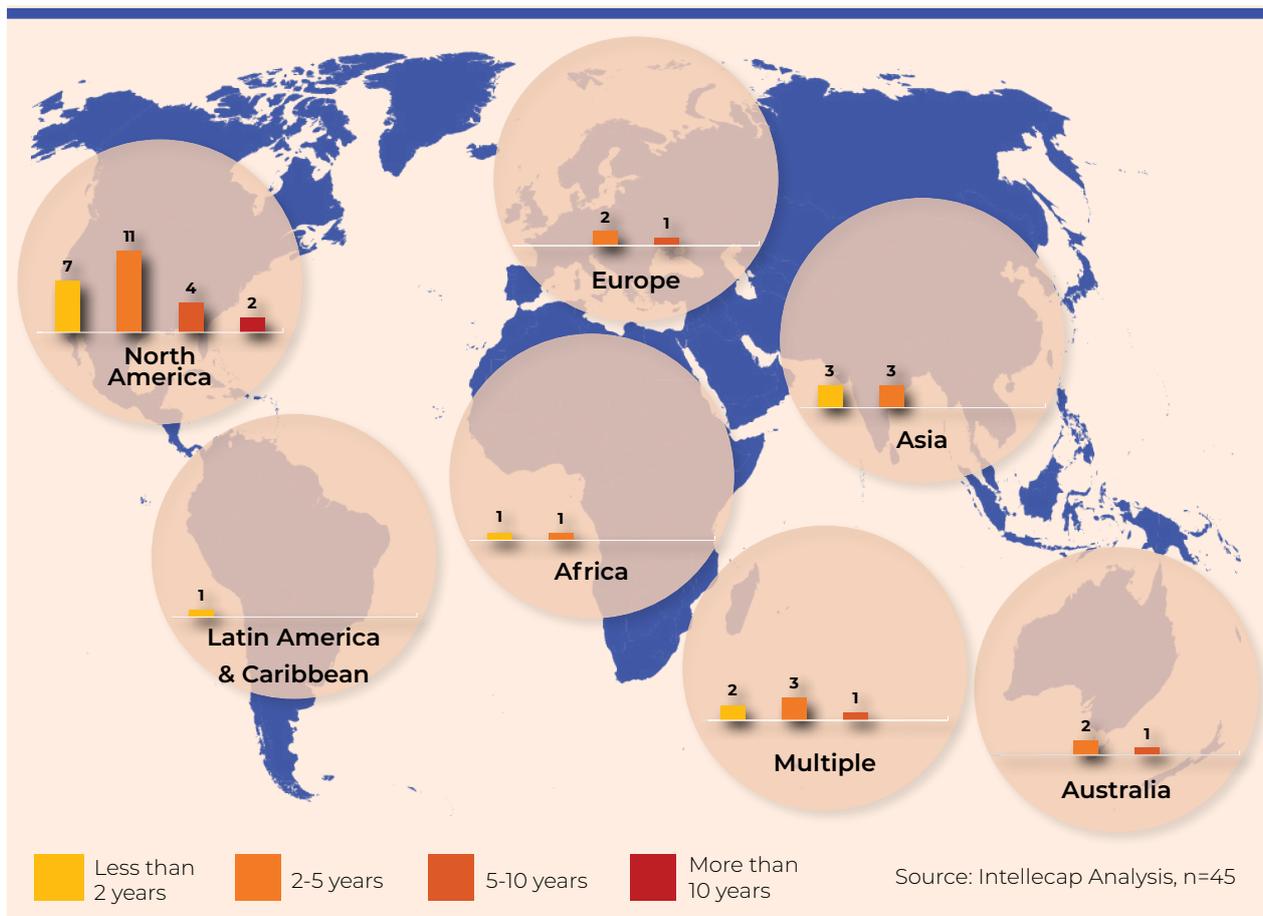
⁷⁸ 'Women's empowerment is good (for) business', Antonella Notari Vischer, Executive Director of the Womanity Foundation, Huffington Post, May 2017

Strategy 2a: Gender lens investing enabling women-led businesses

Initiated a decade ago in developed countries, investing in women-led enterprises is the most widely adopted gender lens strategy worldwide. However, despite being around for a decade, a vast majority of funds that adopt this strategy have commenced operations only in the last few years. Also, given that this is one of the better-understood gender lens strategies, most gender focused investment funds in developing countries have adopted this strategy. It has been argued, that this strategy focuses more on ‘counting women’ rather than ‘valuing gender’⁷⁹ and will only be effective if it is complemented by a more rigorous gender analysis of the investee companies, stretching beyond women leadership. Supporters, however, claim that investing with this strategy has a ripple effect within the organization and consequently, a positive gender impact.

Investors in developing countries face challenges both in terms of raising capital and accessing an investible pipeline for the adoption of this strategy. This has resulted in developing countries having less than 20 percent of funds adopting this strategy. There have been several instances across India and Southeast Asia where gender focused funds have struggled to convince investors of their ‘gender lens’ investment thesis. DFAT has acted as an anchor investor through its Investing in Women initiative, and has been championing gender lens investing through

Figure 17: Strategy 2a - Number of Funds, Timeline of Commencement



⁷⁹ Expressions borrowed from ‘The State of the Field of Gender Lens Investing – A Review and A Roadmap’, Criterion Institute

DFAT's Investing in Women initiative has been building market and influencing private and public sector to promote women's economic empowerment. They work with governments to design laws and policies, and connect women with relevant financiers.

The SEAF fund works with small women-led enterprises providing them business assistance for expansion in Africa, and also invests in women-led SMEs in South East Asia markets through equity and quasi-equity instruments.

VC firms **Kinara Indonesia and Patamar Capital** partnered to launch an Impact Accelerator Program to help female entrepreneurs refine business model, interact with customers, and strengthen business networks, along with providing seed capital.

several initiatives in the Asia Pacific region. An ecosystem-level approach can help seed this strategy across developing countries. Such an approach may include development of business enablers, incubators, accelerators, networks and mentorship programs specifically targeting and supporting women entrepreneurs. For instance, funds such as Patamar Capital, Angin and SEAF undertake seed and early stage investments in women-led enterprises in Southeast Asia, and also provide pre and post investment technical assistance to the women entrepreneurs.

Governments, philanthropic organizations and private sector investors in many countries have initiated programs to support women entrepreneurs, typically in the form of grant, concessionary debt and returnable capital. Given the challenges faced by women entrepreneurs in raising capital and the high cost of equity, there is a need for customized and innovative financing structures to ease access to finance. Several government-led and private sector initiatives such as CNote, We-fi and others have been raising capital through alternate methods. There are a few platforms, such as SheEO Radical Generosity and iFundWomen, which run crowd-funding campaigns to raise funding for women through small grants.

Some organizations have also piloted blended financing to reduce the cost of capital for early-stage women-led startups. More debt funds and blended finance could be encouraged to adopt this strategy given that many women-led businesses are unable to afford equity, and prefer debt.

Crowd-funding

SheEO Radical Generosity is a member funded venture program supported by women and for women. Activators commit \$1000 each, which is pooled to provide interest free loans to women.

CDFI investments

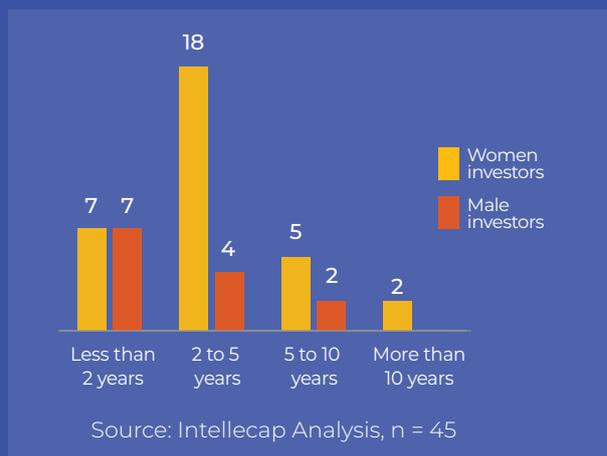
Cnote uses funds from savers to invest in CDFI, which provides 20x returns as compared to a savings account, which are lent to women-owned businesses. The borrowers are also supported with training and technical assistance.

Government Funding

We-fi Initiative has funding from 14 governments which is mobilized into entities that provide women with debt, equity, capacity building, mentors, networks and opportunities for market linkage, and also for governments to improve business environment for women.

Women Investing in Women – A Key Highlight of Gender Lens Investing

The genesis and growth of gender lens investing can be traced to the women development leaders and women investors across developed countries that championed investing in women entrepreneurs. Almost 70% of the funds were seeded by women investors and/or raised funds from women as limited partners. Most of these women investors were successful entrepreneurs, established investors and high-net-worth women who leveraged their experience, capital and networks to build the field of gender lens investing. Over last five years, with established track record of these women-led funds, there has been increasing interest from mainstream investors in this field. In developing economies such as Asia and Africa, funds such as The Lotus Circle, Makeda Fund and SheO Radical Generosity are led by women funders and investing in women-led businesses. However, mainstream investors such as OPIC 2x, Patamar Capital and Kiva have also entered this space over the last 2-3 years.



A three-pronged approach that can be replicated across countries to seed and scale the field of gender lens investing include:

» **Build potential investment pipeline through technical assistance programs**

Often, funds that adopt this strategy also deploy a component of technical assistance for their investees – with the aim of helping women entrepreneurs overcome some of the non-financial barriers they face – such as lack of access to business support services, and lack of access to networks. There are numerous funds such as Asian Women’s Impact Fund, as well as standalone facilities from ADB, GIZ, World Bank, etc. that extend technical assistance support for women entrepreneurs.

» **Develop capacity of women investors**

Some funds are providing capacity building support for women to turn them into investors, who will further invest in more number of women entrepreneurs. Interventions include investing master-classes and support services such as mentoring, networking opportunities and access to industry players to build investment pipeline. Funds such as Pipeline Angels, Next Wave Impact and Impact NH Fund are running targeted interventions to build capacity of women as angel investors. However, most of these funds are still located in developed countries and there is a need to initiate similar intervention in developing countries as well.

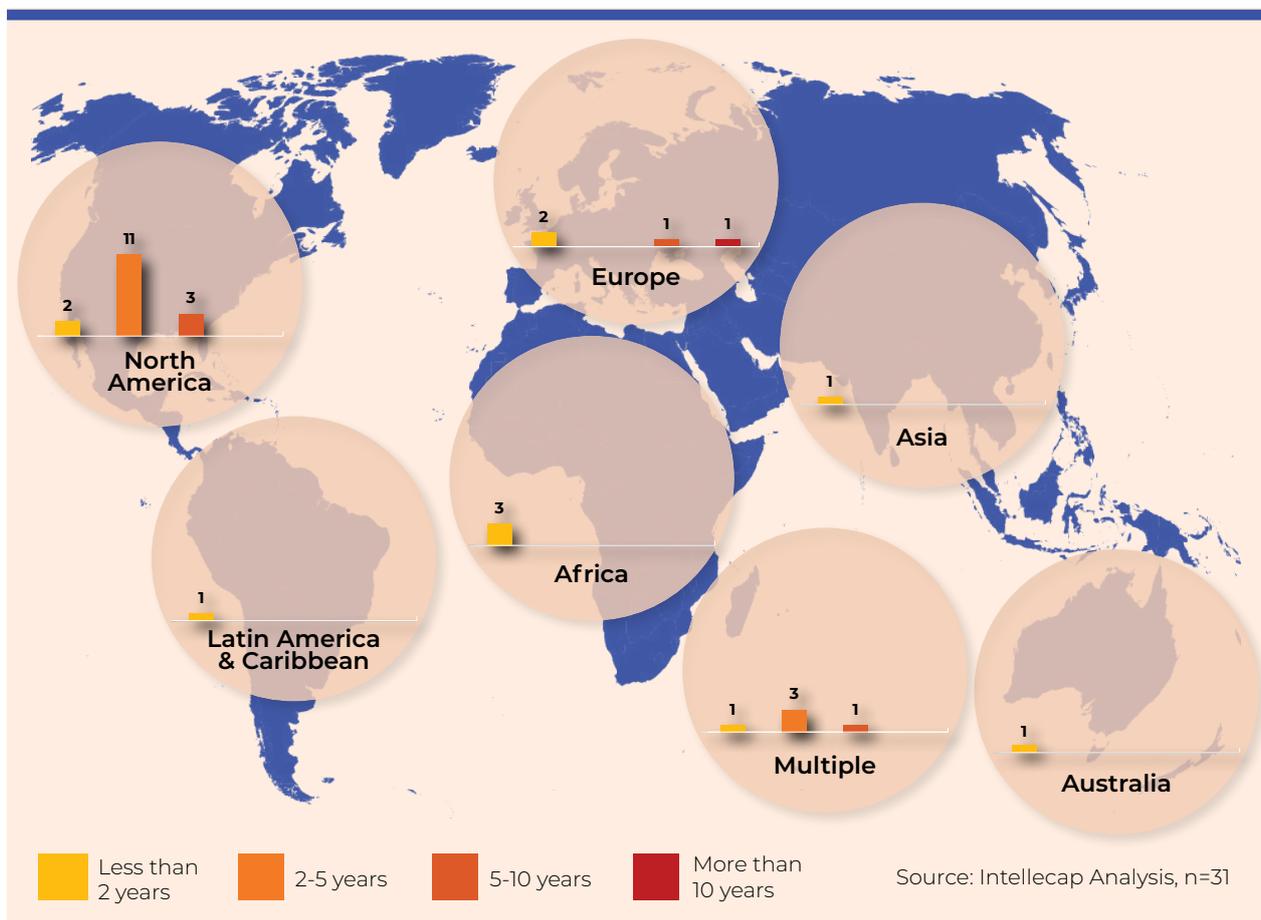
» **Nurture human capital of women as fund managers**

There is increasing recognition of the gender sensitivity that women fund managers provide, and there have been concerted efforts to encourage more women to invest. Programs such as Seema Hingorani’s ‘Girls who Invest’ and the CFA Institute’s ‘Women in Management Initiative’ provide targeted mentorship programs and internships for women interested in asset management and help improve outcomes by encouraging diversity in investment management.

Strategy 2b: Gender lens investing enabling gender equity at workplace

Investing in enterprises that promote workplace equity is the most comprehensive of the three strategies and requires an organization-wide gender analysis. Several funds have been investing in workplace equity and use gender-disaggregated data analysis to complement financial analysis at the due diligence stage. Various aspects of the business such as number of women employees and their roles in the organization, the gender pay gap, existence of policies for a gender-friendly workplace, number of women in the upstream and downstream value chain etc. are assessed as part of the due diligence. Often, such data might not be readily available and there might be a need for specific preparation and data gathering. This increases both the time and cost of due diligence for funds and necessitates fund managers to have access to specific skill sets to conduct gender analysis. The increased cost of due diligence often pushes investors towards higher ticket sizes and/or higher return expectations – resulting in most investors using equity as the preferred instrument for this strategy.

Figure 18: Strategy 2b - Number of Funds, Timeline of Commencement



The Gender Equality Bond launched by National Australia Bank in 2017 aimed at policies supporting workplace gender equality. The bond issue was oversubscribed by 20x and reflected mainstream investors’ interest in the space.

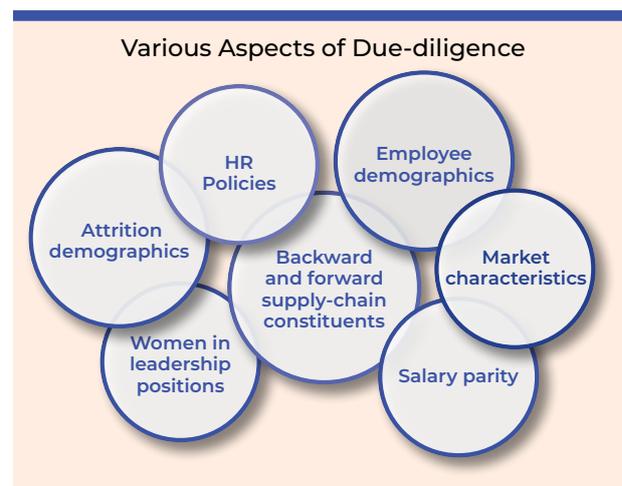
Morgan Stanley-Women at the Top Fund invests through public equities in companies that either have a woman CEO, or more than 3/30% female board members. The fund invests across sectors and also has a female portfolio manager.

Pioneers of gender lens investing in public equity have created compelling evidence of ‘gender capital value’ to build a business case for the growth of this investment practice. Public equity investors have attempted to look beyond women as CEOs or as board members – and at women in the workforce and in senior management when deploying capital with a gender lens. Companies with 15 percent or more women in senior management generate higher payout dividends, better stock performance and higher return on equity than those with 10 percent or less.⁸⁰ Additionally, companies with a higher share of women on executive committees outperformed those with all-male executive committees by 41 percent in return on equity and 56 percent in operating results.⁸¹ Academic research has also revealed that teams benefit from enhanced decision-making and problem-solving when leadership roles are gender-diverse.⁸² However, while it is operationally easier for public equity investors to use gender-disaggregated data for only top and senior managements to inform their gender-lens-investing strategy, it is critical to push them towards a more comprehensive gender analysis. Benchmarks can be created to help funds measure their performance when investing using this strategy. For example, the MSCI Japan Empowering Women (WIN) Select Index aims to represent the performance of companies that are leading in terms of promoting and maintaining gender diversity, while also meeting certain qualitative criteria.

The NEXT FUNDS MSCI Japan Empowering Women Select Index Exchange Traded Fund is comprised of stocks of companies investing in workplace equality leading to sustainable earnings. Additionally, the fund responds to changes in business based on their increased gender participation rates including new hires and women in senior and executive roles.

Predictably, this strategy has been historically used in the developed countries, driven by the recognition of the financial value of gender diversity in business performance. Seeded by women fund managers, influencers and proponents of gender equity at the workplace, a concerted effort was made in the developed countries to bring out the positive correlation between improved gender diversity in businesses and improved financial performance. This gave rise to instances where funds assessed various aspects of an enterprise at the time of due-diligence to not only ascertain its existing gender diversity, but also the extent of processes and systems in place to ensure it in the future. For instance, Envestment PMC - Gender Equity Large Cap Portfolio makes equity investments for workplace gender equality in North America. The fund uses Sustainalytics’ ESG scores to calculate – a) Gender Diversity: gender composition of a company’s board members, as well as diversity programs and discrimination policies; b) Gender Impact: based on a gender lens research framework which identifies companies that demonstrate leadership in establishing positive opportunities for women through corporate policies and programs.

Figure 19: Aspects of organizational gender due diligence



⁸⁰ Dawson, Julia, et al. (2014)

⁸¹ Borisova, Darya, et al. (2010)

⁸² Woolley, Anita Williams, et al. (2010)

With increasing awareness and exemplary work by market builders, there have been a few instances of this strategy being deployed in the developing countries. Most of the funds adopting this strategy in developing countries have commenced operations only in the last two years. Further, while a majority of the funds adopting this strategy deploy equity investments in both developed and developing countries, there have been cases where grant providers in developing countries have deployed this strategy. For instance, Investing in Women Fund by AECF is a \$50 million fund, seeking to create gender inclusive agri-value chains through increased number of women either employed or generating income from agribusinesses. It provides grants or interest-free loans for Agriculture Impact Businesses, along with offering technical assistance and B2B match-making facility which is also advancing gender equality in their operations and businesses. There is potential for financing structures such as blended finance and outcomes-based mechanisms to be designed to reduce cost of due-diligence for investors. This will enable more mainstream investors and debt providers to adopt this strategy.

Many of the funds that adopt this strategy have women fund managers or influencers involved in the investment process, given the lived experience and nuance they bring. Increasingly, however, funds that have adopted this strategy in recent years and in developing countries have been mainstream and impact funds. This is an encouraging shift towards mainstreaming of gender lens investing – especially given the involved nature of adopting this strategy. As per a recent study conducted across 56 countries, only one in 5 funds has a woman fund manager.⁸³ There is still a need, however, for fund managers to be equipped with specific resources and expertise which will allow them to conduct detailed gender analysis. These resources could be in the form of frameworks, metrics and toolkits that allow investors to think of gender during due-diligence. This will ultimately push further adoption of this strategy.

Although gender lens investing by definition necessitates a pre-determined intent of having a positive gender impact through investments, there are instances where funds include gender as a part of post-investment monitoring or impact measurement. Such post-investment assessment is limited to broad aspects such as measuring number of women employees, livelihoods generated by a business in the upstream and existence of gender-friendly HR policies. It rarely covers an in-depth ‘gender-analysis’. Funds such as Belle Michigan and OFI Global undertake commitments from investee companies and conduct post-investment monitoring to assess recruitment of number of women to the C-suite or at the board level. There is tremendous potential for field-builders to influence such post-investment gender-analysis and strengthen the case for integrating gender as a part of the entire investment process – right from networking and sourcing to due-diligence and post-investment intervention. Field builders could potentially work with funds, specifically impact funds, which might not identify as explicit gender lens investors, but hold potential to have a positive gender impact nonetheless through post-investment interventions.

⁸³ ‘Fund Managers by Gender: The Global Landscape’, Madison Sargis, Nov 2016

05 Looking Ahead

Global acceptance of SDG5 that calls for gender equality and to empower all women and girls, and gender focused initiatives such as country-level policies, private sector programs, academic courses and movements like #MeToo have gained significant momentum over the past few years. There is, however, a need to sustain the momentum and provide further impetus through several pathways, including investment interventions.

Most gender lens investing funds seek to enable economic empowerment of women by investing in women-led businesses or by investing in enterprises that promote gender equity at the workplace, while a few others invest in enterprises enabling social empowerment of women by providing them access to critical goods and services. Given that gender lens investing has shown reasonable success across developed countries, and an increasing number of mainstream investors are now looking to apply the strategy, it is critical to draw lessons from its evolution and contextualize gender lens investing for developing countries. Development financing institutions, foundations and mainstream investors need to undertake focused interventions to mainstream the practice, improve the financial and non-financial support ecosystems, and design gender-aware financial products.

Figure 20: Strategies to promote gender lens investing in developing countries



1. Mainstreaming the field of Gender Lens Investing: Gender lens investing is still not very well understood in developing countries, as is apparent from the discussion in chapters 3 and 4. Consequently, it is important to evangelize the concept through evidence building and contextualizing it for developing countries.

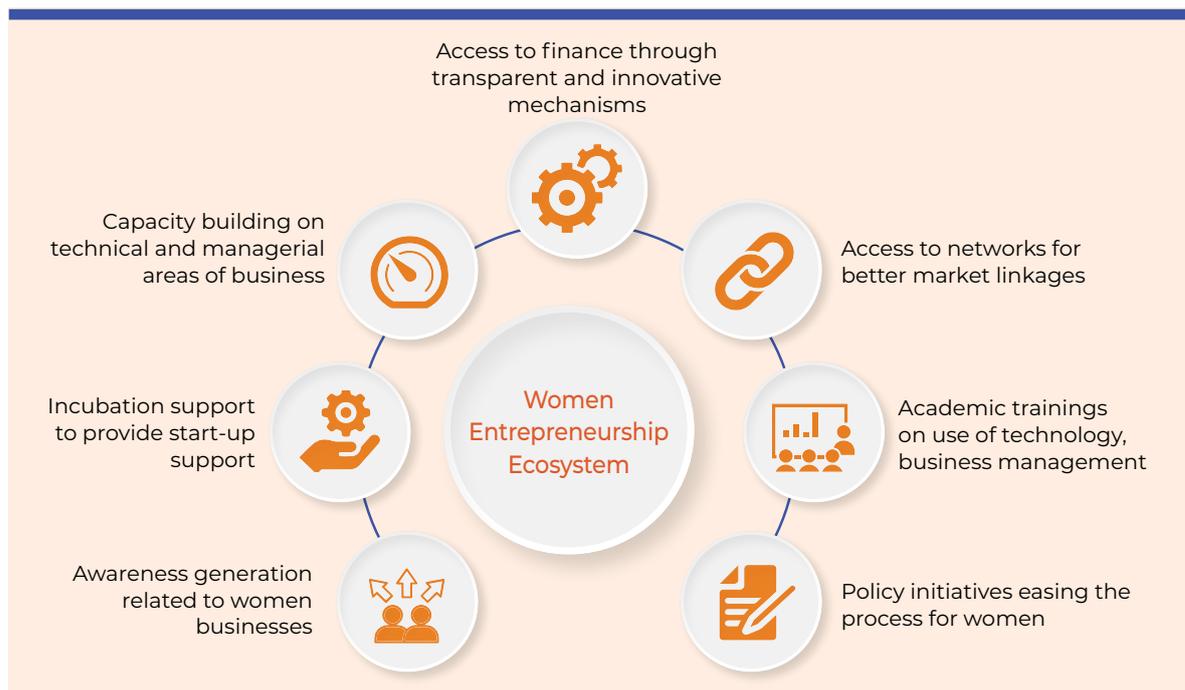
- » **Build evidence of the business case for gender lens investing:** Most of the evidence for business case for gender lens investing originates in developed countries, which might not be directly applicable to developing countries' context. A contextualized evidence base of the financial value that can be derived from gender lens investing will nudge mainstream investors towards this field in developing countries. Such evidence can be presented to a wide audience including investors, lenders, and large corporates, through multiple research approaches such as:
 - Longitudinal research on the financial performance of businesses enabling women's empowerment in developing countries to build a business case for gender lens investing in private equity and debt markets, and to understand unique capital needs of various business segments.
 - Simulation of back-dated gender aligned mutual funds in developing countries to compare their business performance over five year horizon to build a business case for investments in public equity and debt markets.
 - Creation of evidence of the social impact from investing in businesses enabling women's empowerment by designing and validating impact pathways that link the investments to positive social outcomes for families and the community.
- » **Pilot gender lens investing through public and private investment markets and disseminate investment case studies:** It is critical to promote pilots by marquee investors in partnership with development financial institutions and foundations in developing countries to draw attention to its potential. A tailored pilot program can be designed based on the characteristics of gender-enabling businesses and nature of capital markets in specific countries. We expect that private sector will have to lead the way in this process, at least in the short term, before public equity is invested with a gender lens.
- » **Encourage debt-based gender lens investing:** Debt, both secured and unsecured, can be used as a more immediate instrument for gender lens investing as many women-owned businesses in developing countries are more aligned to absorbing debt, as against equity. Majority of women-led businesses in developing countries are micro-enterprises or SMEs that might lack the scalability to attract equity investments. Studies have shown that women entrepreneurs contribute more internal equity to their business as compared to men⁸⁴ - due to the lack of availability of appropriate financial products, lack of collateral and operational challenges in applying for debt – which indicates the potential to target debt at women entrepreneurs. Debt providers can adopt a gender lens and design specific products to target one or more segments of women led businesses.

⁸⁴ Low debt entrepreneurs: in financing matters, women entrepreneurs play it safe, KfW Economic Research

2. Improving the support ecosystem: It is imperative to take an ecosystem approach to ensure gender lens investing is mainstreamed in developing countries. Such an approach will help simultaneously address multiple challenges faced by businesses enabling women's empowerment and will include targeted interventions that are aimed at enabling women entrepreneurship.

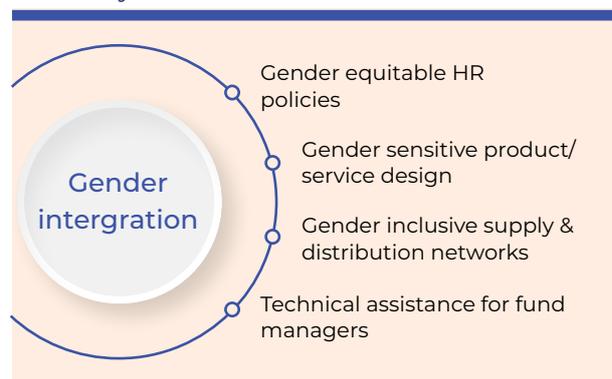
- » **Strengthen non-financial business support facilities for women entrepreneurship:** Needs of women entrepreneurs are often different from those of men and there are few support systems in developing countries that fulfil them. The entrepreneurship ecosystem need to be gender aligned to provide incubation, networks to women entrepreneurs. There has been an effort towards designing women-specific programs and awareness building through initiatives such as the Y Combinator's Female Founders Conference, the Women's Business Incubator in the US and InQube in Europe, which needs to be replicated in developing countries. Initiatives such as She.Leads.Africa, The S Factory at Startup Chile and Global Incubation Services in India have designed programs specific to women entrepreneurs, but their reach remains low as compared to the demand. Several not-for-profits, private enterprises and corporates have also launched initiatives to promote women entrepreneurship. Empower, an initiative by Zone Start Ups in India, for instance was launched for women entrepreneurs working in the sectors such as technology for businesses and renewable energy. Some foundations, such as Deshi MBA by Mann Deshi in India, and initiative by Deloitte and London Business School educating women micro-entrepreneurs in Africa, have started MBA programs for building capacity of rural women micro-entrepreneurs. Alliances with women-focused incubators/accelerators, networks and business service providers can also be formed to facilitate capital towards women enterprises. Large corporate players are leveraging their CSR fund allocations to support women entrepreneurship through their programs. Such initiatives need to be encouraged and women's networks need to be built to promote peer-learning and dissemination of best practices.

Figure 21: Representation of women's entrepreneurship ecosystem



- » **Define the roles of impact investors in gender lens investing:** Gender lens investing in developing countries will need to have a component of impact capital. Impact investors are well placed to incorporate gender analysis into their existing processes – and potentially influence existing investees in a post-facto analysis to promote gender equity. Gender equitable HR policies, gender-sensitive product or service design, gender-inclusive supply and distribution networks can be promoted by impact investors; to go beyond ‘counting women’ to ‘valuing gender’⁸⁵ in their portfolio. A dedicated evangelizing process for gender lens investing can be undertaken by industry associations, market builders, and/or government bodies to provide gender sensitization to the fund managers. Further, field-builders can help funds by providing bespoke technical assistance support in gender due-diligence – an aspect that many fund managers struggle to grasp due to limited appreciation of the gendered nature of the world and insufficient exposure to gender issues. Such technical assistance support can help offset the higher costs associated with sourcing and evaluating potential investees for investing with a gender lens.
- » **Draw more women into roles of limited partners or fund managers:** Women have the lived experience to bring a more nuanced understanding of the gendered nature of the world and apply it to finance. Consequently, more women need to be encouraged to be fund managers in developing countries who can then potentially take on the mandate of investing with a gender lens. Targeted mentorship and training programs can be designed to encourage high net-worth women to become angel investors, and assist them through the process. Initiatives such as The Lotus Circle, Makeda Fund and SheO Radical Generosity need to be scaled up significantly in developing countries to enable more women to invest in women. Over the long term, supporting women and girls to opt for STEM could also help increase the pipeline of women in investing.

Figure 22: Key focus areas for gender integration and analysis for investment



Pipeline Angels is a women angel investor networking platform which runs angel investing boot-camps for aspiring women investors and pitching platforms for entrepreneurs who seek funding. The platform was founded by Natalia Oberti Noguera to address “What would women and femmes be able to accomplish if they came from a place of abundance?” Since its launch in 2011, over 300 members have graduated as angel investors from Pipeline Angels’ boot-camps who have gone on to invest over US\$ 5 million in more than 50 companies through its pitching platform.

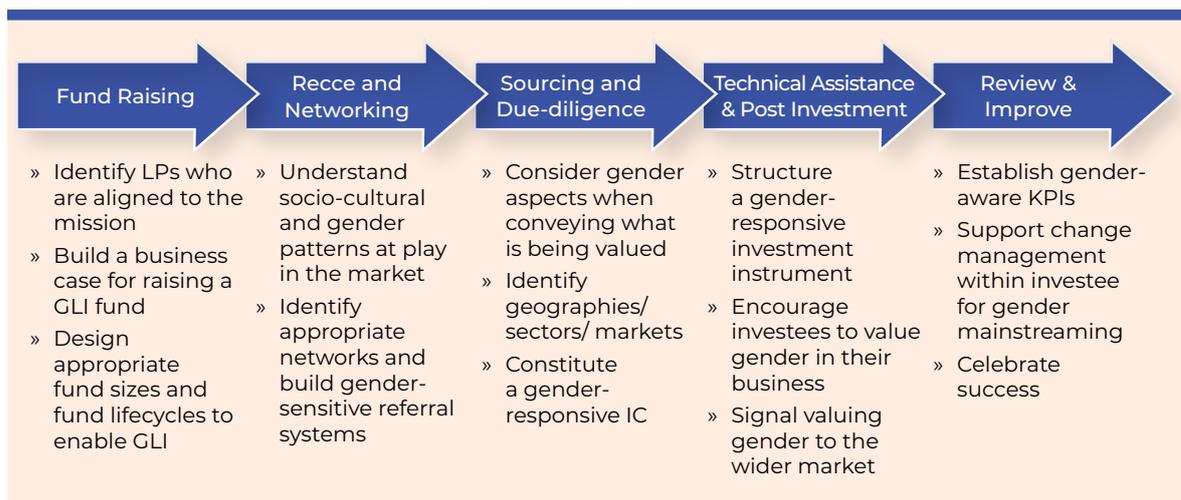
⁸⁵ Expressions borrowed from ‘The State of the Field of Gender Lens Investing – A Review and A Roadmap’, Criterion Institute

3. Design gender aligned products and frameworks: The process of designing an appropriate gender lens investing strategy for developing countries should involve a research-backed understanding of contextualized needs of women entrepreneurs and priorities of fund managers and investors. Such an analysis will help weave in 'gender' additionalities to existing strategies to make them more targeted.

- » **Create frameworks for plug-and-play gender due-diligence:** Investors typically lack the expertise, time and financial resources to conduct a gender due-diligence at the time of financial due-diligence. Frameworks, checklists and guidelines that allow investors to be aware of gender aspects right from reconnaissance, sourcing, in market assessment and due-diligence, technical assistance support, and post investment hand-holding, impact measurement and reporting will help investors overcome this.

Such frameworks can be further contextualized for geographies and/or sectors of operation, allowing investors to conduct meaningful gender analysis when investing. Enablers such as panels of gender and finance experts can be put in place to support investors in gender due-diligence.

Figure 23: An indicative framework for gender analysis



- » **Blend capital from various sources:** A blending of commercial capital with grant or returnable capital will help funds offset the higher costs associated with adopting a gender lens to offer subsidized capital access with muted return expectations. DFIs and multilateral initiatives focused on women empowerment can play the role of providing such 'mezzanine' or 'blended' capital, which will help to crowd in more mainstream capital for gender lens investing. Various mechanisms can be explored to operationalize this – such as program related investments (PRIs), outcomes based finance (development or social impact bonds), soft loans, guarantee funds, interest rate subvention mechanisms and diaspora bonds. Financial structures can be created that will bear only the additional cost of due-diligence – through grants, crowd-funding or a fixed component of investor contributions. The viability and applicability of such structures should be ascertained through targeted and contextualized research in the developing markets.

- » **Design sector-specific products for gender lens investing:** Specific sectors can be prioritized to pilot various gender lens strategies in developing countries, given that women entrepreneurs are more active in certain sectors such as textiles, food and beverages and handicrafts. Additionally, mechanisms can be put in place to imbibe a real-time feedback from businesses enabling women's empowerment about their financial and non-financial needs, allowing funds to appropriately design products and/or provide technical assistance or other support.

Many of these interventions need to be undertaken in parallel, and require concerted efforts from various stakeholders including the government and private sectors, providers of development finance, field builders, researchers and ecosystem builders. The authors of this report intend to build on this research and assess opportunities and challenges to gender lens investing in the developing world, and posit appropriate tools and frameworks to enable its growth; and to independently examine the correlation between supporting businesses that enable women's empowerment and achieving improved gender equity.

APPENDIX

Research Approach

This report aims to summarize the global landscape of gender lens investing to inform further research that will promote this practice in developing countries. It draws insights through:

- » Literature review of academic journals and research dissertations on the subject of social and economic empowerment of women as well as publications by leading practitioners in the field of 'gender lens investing'.
- » Qualitative and quantitative desk based research to examine the demand side for-profit models promoting and enabling social and/or economic empowerment of women
- » Qualitative and quantitative desk based research on the supply side – gender lens funds investing in such businesses. A comprehensive database of 82 gender lens funds was evaluated across developed and developing countries for the analysis which includes - investment strategies of gender lens investors and their investment geography, financial instruments and selection approach

INTELLECAP ADVISORY SERVICES

Mumbai

13 A,6th Floor,Techniplex-II
IT Park, Off Veer Savarkar Flyover,
Goregaon(West),
Mumbai 400062, India
Phone: +91 22 61952700

Hyderabad

10th Floor, Unit No. A1002,
A Block, The Platina Gachibowli,
Hyderabad - 500032, India
Phone: +91 40 40300200

Nairobi

Tetezi Towers, Ground Floor,
Off George Padmore-
Marcus Garvey Road Junction
Kilimani Nairobi, Kenya
Phone: +254 20 2441000

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