



TECHNICAL BRIEF

Photo: Pexels, Muhammadtaha Ibrahim.

# Blended Finance for Gender Lens Investing

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## Introduction

**This technical brief is intended to serve as a practical guide for integrating gender lens investing in development programs.** The gender perspective can be applied to all sectors (e.g., agriculture, education, healthcare, financial services), and not only to projects targeting gender equality specifically. The primary audience for this brief is development practitioners who are leading proposal and design efforts across technical areas. This document aims to provide targeted design considerations and guidelines for how to frame the discussion – including practical advice around potential market opportunities and the respective stakeholders, financing needs and challenges to accessing finance, and relevant innovative financing mechanisms to unlock capital. Any given opportunity and its recommended design, however, will depend significantly on a range of project/enterprise-specific characteristics, including geography, value chain, stakeholders, size, and sophistication. **Designing programming to support the adoption of new business and financing models that benefit women is being recognized as increasingly important to not**

**only achieve Sustainable Development Goal (SDG) 5 “Gender Equality,” but to contribute to progress on all SDGs.** Taking into account the multidimensional barriers faced by women (i.e. legal, political, cultural, etc.) when designing programs is key for driving equal opportunity and enabling women to achieve their full potential. Projects and transactions that fail to incorporate a gender lens, inadvertently exacerbate inequalities between women and men.

**While development funding for gender equality has increased over the last decade (i.e., \$48.7 billion per year in 2017-2018 vs. \$19.7 in 2009),** research from Organisation for Economic Co-operation and Development (OECD) (i.e., analysis of official development assistance (ODA) flows and other official flows), suggests that SDG 5 may be the third-least-supported of the SDGs.

**One of the largest donors committed to advancing gender equality, U.S. Agency for International Development (USAID) brings decades of experience integrating gender into programming and is the most active government aid agency in the gender-related blended finance space.** For instance, USAID sponsored an assessment of investment funds, initiatives, and transactions that could promote women’s economic standing in several sub-Saharan African countries. Other examples include the USAID funded RISE platform which supports gender lens investing (GLI) in Southeast Asia through high quality, accessible technical assistance (TA), or the Women’s World Banking (WWB) Capital Partners Fund II, a blended finance fund focused on increasing financial inclusion for low-income women in Africa and other emerging markets, which received a \$500K catalytic contribution from USAID INVEST.

## Context

**Women and girls make up half the world’s population, yet in many parts of the world they face wide-ranging challenges due to discrimination in education and employment, violence, lack of access to basic services and assets, and barriers to participation in decision-making processes.** Women spend approximately 2.5 times more time on unpaid care and domestic work than men, their participation in the labor force is 63%, compared to 94% for men. Women account for only 37% of global GDP<sup>2</sup>. According to the World Bank, only 37% of women had a bank account in 2017, compared with 48% of men, and there is an estimated financing gap of \$300 billion for formal, small-sized, women-led enterprises worldwide, as reported by the International Finance Corporation (IFC). In the agriculture sector, women make up 43% of the labor force, but own less than 20% of the world’s land.

**Gender equality is a crosscutting issue that plays an instrumental role in achieving the SDGs and wider prosperity in society.** It is estimated that GDP per capita losses of up to 27% can be attributed to the gender gap in the labor market (SDG 8). Studies across the world show that allocating a greater proportion of household income to women results in better educational (SDG 4), nutritional (SDG 2) and health (SDG 3) outcomes for the family as a whole (e.g., child mortality falls by 9.5% with every additional year of education of the mother). Gender

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<sup>1</sup> OECD DAC network on gender equality (GENDERNET).

<sup>2</sup> UN Women: Gender Mainstreaming, a global strategy for achieving Gender equality & the empowerment of women and girls (2020)

equality has been recognized as a global priority as well as a key enabler to achieve sustainable development since the Beijing Declaration and Platform for Action in 1995. Since then, several UN inter-governmental resolutions have reaffirmed this commitment and gender equality is now entrenched in the SDGs (SDG 5), as a “fundamental right and a foundation for a peaceful, prosperous and sustainable world”.

**The COVID-19 pandemic has aggravated women’s vulnerabilities and existing gender inequalities.** The preventive measures put in place to fight against the coronavirus have created an even larger burden on women. Lockdowns and border closures have disproportionately affected the sectors that mostly employ women (i.e., tourism, restaurants, schools, etc.) and have rendered the informal sector, where women are over-represented, almost non-operational. Female entrepreneurs have also been disproportionately affected compared to male entrepreneurs — 90% of them reported a decrease in sales, and more than 50% reported an urgent need of working capital<sup>3</sup>. More than ever, the COVID-19 crisis has demonstrated the need to prioritize gender approaches, and the UN as well as many donor governments are urging development actors to put women and girls at the center of recovery efforts.

**Women and girls are, however, not a homogeneous group, and the multidimensional barriers they face due to their gender can be compounded by other factors.** Women with disabilities are, for instance, likely to experience “double discrimination” in accessing education, economic opportunities (e.g., men with disabilities have been found to be almost twice as likely to be employed as women with disabilities<sup>4</sup>), as well as basic services such as health. They are often more exposed to violence, abuse, neglect, or exploitation<sup>5</sup>. Coming from a rural area, belonging to a religious or ethnic minority, being a refugee, or living with HIV/AIDS are other factors that can further exacerbate women’s economic and societal exclusion. These factors must be taken into account in policymaking and programming.

**While overall donor spending in SDG 5 has increased in recent years, financing dedicated to gender equality and women’s empowerment as a principal objective remains rare.** The share of total bilateral ODA spent on gender equality increased from 27% in 2009 to 35% in 2017, with the largest donors being the U.S., Germany, the EU, and the UK accounting for 60% of total funding. However, only 4% of bilateral ODA (\$4.6 billion) was directed toward gender equality as a main objective in 2016<sup>6</sup>, and this percentage has remained static for over a decade. Similarly, in 2017, 16% of the total development flows committed by 26 philanthropic foundations reporting their activities to the OECD were directed toward gender equality, but only 5% of these flows focused on SDG 5 as a principal objective.

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<sup>3</sup> WeConnect International survey

<sup>4</sup> ILO (2003)

<sup>5</sup> UN General Assembly resolution (December 2006)

<sup>6</sup> OECD DAC GENDERNET: Aid to gender equality and women’s empowerment: An Overview (2018)

## Gender-lens investing

**As defined by the Global Impact Investing Network (GIIN), GLI means investing to address gender issues or promote gender equity.** GLI intentionally integrates gender analysis into financial analysis, from pre-investment activities to post-deal monitoring with the belief that it will lead to better financial and societal outcomes. This includes investments in (i) **women's economic empowerment** (i.e., women as entrepreneurs or employees) where funding is targeted at women-owned or -led enterprises or at enterprises that promote workplace equity (i.e., in staffing, management, boardroom representation, and along their supply chains) and (ii) **women's social empowerment** (i.e., women as consumers or beneficiaries) where funding is directed toward enterprises that offer products or services that substantially improve the lives of women and girls.

**A nascent field with almost 80% of funds committed in the last five years, GLI is an increasingly established investment strategy, particularly in the U.S., Europe, and Australia.**

Many private investors (e.g., Goldman Sachs, Morgan Stanley, The Calvert Foundation) and development finance institutions (e.g., DFC, IFC, CDC, through the "2X Challenge"<sup>7</sup>) are deploying debt and equity capital with a gender lens across the globe, accounting for a total of more than \$5.6 billion over the last decade. Developing countries represent nearly 20% of these gender-focused investments (i.e., 82 public market and private funds analyzed<sup>8</sup>).

**82% of funds have adopted the strategy of enabling women's economic empowerment by investing in women-led businesses or creating level playing field for women in the workplace.**

In developing countries, a total of 10 GLI strategies of this type were identified. This includes, for instance, the first emerging market gender bond subscribed by the IFC with support from Goldman Sachs' 10,000 Women initiative, to boost loans to women entrepreneurs in Turkey. Root Capital's Women in Agriculture fund, which before lending considers whether (i) women are in positions of leadership; (ii) women make up at least 30% of employees/members of a cooperative and/or (iii) the organization has policies/programs that benefit women, is another example.

**Fewer funds (18%) reported investing with the purpose of enabling women's social empowerment, by investing in businesses that provide critical products and services for women and girls, such as healthcare, education, and access to finance.** In developing countries,

these funds focus mainly on microfinance, such as the Impact Investment Exchange Women Livelihoods Bond. Other impact investors are investing in businesses that empower women through increased access to clean energy, households, water, and healthcare (e.g., Acumen, Aavishkaar, Omidyar Network, the Calvert Foundation) in emerging economies but do not have a dedicated gender mandate. As a result, several of them do not systematically include gender analyses as part of their due diligence processes and post-investment impact assessments are most often limited to "counting heads."

<sup>7</sup> The "2X Challenge", launched in 2018 at the G7 Summit, aims to unlock US\$3 billion directly or via financial intermediaries, to support projects that empower women as entrepreneurs, business leaders, employees and consumers of products and services that enhance their economic participation. The initiative involves fifteen development financial institutions (DFIs) from the G7 countries.

<sup>8</sup> Intelicap: The Global Landscape of Gender-Lens Investing (2019).

**As the practice of gender-lens investing is growing, new frameworks<sup>9</sup> are being developed by leading market players to further promote the integration of gender in investment strategies.**

The 2X Challenge members, developed the “2X Challenge Indicators”, a new set of aligned metrics that can be used to assess the gender impact of investments. The Small Enterprise Assistance Funds (SEAF) developed the SEAF Gender Equality Scorecard to assess potential investments at due diligence and monitor investments’ score overtime. UNICEF and the Criterion Institute launched an investment due-diligence tool for gender-based violence to enable investors to assess potential investments’ exposure to the political, regulatory, operational, and reputational risks associated with gender-based violence. The Sasakawa Peace Foundation and Frontier Incubators Program created the Gender Lens Incubation and Acceleration (GLIA) Toolkit aimed at incubators and accelerators to help them develop their own gender strategies, guidelines, and frameworks in order to foster the development of a gender-smart entrepreneurial ecosystem in Southeast Asia. As for investors willing to invest in companies that deliver a positive impact on young women and girls, the SPRING Investors Toolkit aims at providing practical tips, tools, and case studies for helping them enter the GLI space. A number of other assessment frameworks exist that can be leveraged by sector players to serve as due diligence and portfolio monitoring gender-lens tools.

## Gender-lens blended finance

**Blended finance – the strategic use of public and philanthropic capital to attract private investments – has the potential to provide increased GLI opportunities** by developing a pipeline of investable projects through more flexible capital and tailored technical support, reducing transaction costs for investors as well as strengthening the evidence base for GLI.

**However, blended finance transactions have not yet integrated gender in a comprehensive or standardized way.** In December 2020, a total of 153 gender-related blended finance deals (i.e., may or may not include a stated gender-related objective, but track and monitor their impact on women and girls) were recorded on Convergence database, accounting for 25% of all blended finance deals. Of these 25%, only 20% had a principal gender focus (i.e., 5% of all blended finance deals to date)<sup>10</sup>.

**Key trends<sup>11</sup> in the gender-lens blended finance space highlight a stronger focus on women’s economic empowerment, as this is the case in the broader GLI sector.** As reported by Convergence, the large majority of gender-related blended finance deals have been focused on the financial services sector (38%), encompassing small to medium-sized enterprise (SME) financing and financial inclusion. Examples of these women’s economic empowerment blended finance deals include the XII Women’s Livelihoods Bonds (see case study No. 2), the Jordan Loan Guarantee Facility, and the Affirmative Finance Action for Women in Africa (AFAWA). In comparison, the energy, health, and education sectors – key sectors supporting women’s social empowerment — only accounted for respectively 13%, 8%, and 7% of all gender-related blended finance transactions. However, according to a report from Convergence published in 2018, the

<sup>9</sup> Refer to the Appendix for more examples of gender assessment frameworks.

<sup>10</sup> Convergence: Blended Finance and Gender Equality (2018)

<sup>11</sup> Convergence Historical Deals database and Blended Finance Sector Deep Dive: Gender (2019)

health and education sectors had the largest proportion of deals with a principal gender focus (13% in health and 10% in education, vs. 9% in the financial services). The Educate Girls and the Utkrisht Development Impact Bonds are relevant examples of blended finance deals with a principal gender focus in the education and health sectors.

**In terms of the most frequently used blending finance types, gender-related blended finance deals have been more likely to leverage concessional capital (75%) compared to other blended finance transactions (67%).** More than 50% of all gender-related blended finance transactions have benefited so far from TA (39% of deals) and/or design-stage grants (14% of deals), while guarantees and risk insurances accounted for 29% of all gender-related blended finance transactions, broadly in line with proportions observed across all blended finance deals.

**Gender-related blended finance deals represented an aggregate volume of \$15 billion of capital invested in developing countries (10% of the aggregate value of all blended finance deals to date) and remain relatively small compared to other deals (average ticket size of \$114 million vs. \$320 million).** As such, there is a need not only to increase the number and size of blended finance deals that have a principal gender focus but also to integrate a gender-lens in a greater number of non-gender-focused deals to address these gaps and provide more investment opportunities to further increase gender equality.

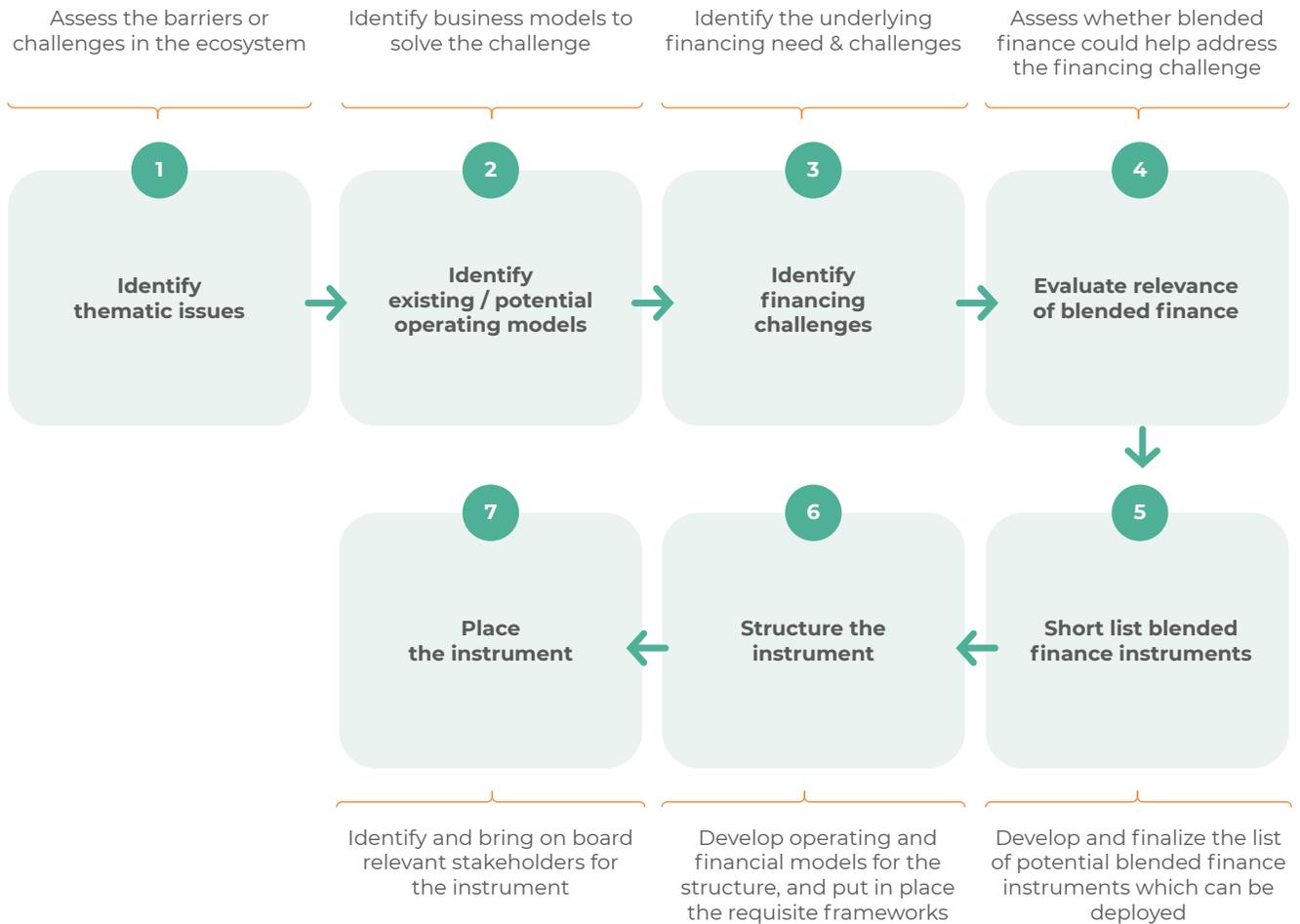
## Methodology

**While GLI has gained momentum in recent years, including for impact and institutional investors, with its benefits recognized from both development and business perspective, gender-related investments remain relatively modest in scale.** This brief highlights three areas where blended finance can support the creation of new and sustainable funding and investment opportunities for donors, impact investors, and institutional investors, and illustrates a problem-to-solution step-by-step approach for identifying the appropriate instrument:

- 1. Developing the pipeline of investable projects:** strengthening capacities and developing tailored investment strategies to support women-led businesses and businesses that promote gender equity in the workplace (i.e., women's economic empowerment GLI strategies) as well as women-focused (i.e., women's social empowerment GLI strategies) businesses.
- 2. Reducing the transaction costs associated with investing with a gender lens:** gender lens investing requires from funders additional expertise, time, and financial resources to develop and implement new pre- and post-investment frameworks and processes.
- 3. Increasing evidence of what works:** strengthening the business case of investment strategies that empower women as entrepreneurs, workers, and consumers (i.e., increased financial performance, increased productivity, multidimensional impact on women and society) and sharing best practices to attract new and additional funders.

Step-by-step approach to blended finance

Developed by KOIS



Do note that this brief covers only steps 2 to 5 of the framework within its focused scope. More detailed illustrations of such a step-by-step approach can be found in [this](#) blended finance roadmap report by USAID.

Table 1: Target market opportunities

	IMPACT	FINANCING NEED	CHALLENGES TO ACCESS FINANCING NEEDED
<b>Developing the pipeline of investable projects</b>			
<p><b>Developing the pipeline of investable projects:</b></p> <ul style="list-style-type: none"> <li>• Women-led/owned businesses</li> <li>• Businesses that promote gender equity in the workplace and along their supply chains</li> <li>• Women-focused businesses/projects</li> </ul>	<ul style="list-style-type: none"> <li>• Improving women-led/focused businesses' investment attractiveness through capacity-building (e.g., business planning, financial management, access to networks)</li> <li>• Increasing business' readiness to meet GLI requirements and attract GLI investment (e.g., adoption of workplace equity policies)</li> <li>• Developing tailored support to catalyze innovation, develop new business models and financing strategies catering to the needs of women</li> <li>• Taking deliberate action to integrate a gender-lens into non-gender-focused projects and deals to address legal, political, societal, and cultural barriers to women's empowerment</li> </ul>	<ul style="list-style-type: none"> <li>• Grant-funded TA to build capacities and support early-stage women-led/focused businesses.</li> <li>• Concessional capital to provide access to finance to women-led/focused businesses at favorable and flexible terms (i.e., smaller ticket sizes, longer repayment/grace periods)</li> <li>• Grant-based design funding to support the development of gender-focused projects and transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Unique challenges faced by women-led businesses that make them unattractive to investors, such as their small size, lack of collateral, discriminatory laws, lack of access to key assets and technology, lack of visibility and access to appropriate networks, lack of mentorship and guidance on how to present their businesses, unconscious gender biases, etc.</li> <li>• Huge gap in products and services targeted at women's needs, especially poor women, due to biases in product design and marketing or inappropriate marketing/distribution channels</li> <li>• High levels of subsidization of key sectors for women's empowerment, viewed as national priorities by local governments (e.g., primary healthcare, access to sanitation and water, education), impeding innovation to happen and market-based approaches to attract affordable capital</li> </ul>
<b>Reducing the transaction costs associated with investing with a gender lens</b>			
<p><b>Resource-intensive processes associated with GLI and requiring new assessment frameworks:</b></p> <ul style="list-style-type: none"> <li>• Pipeline origination: analysis of key gender aspects</li> <li>• Due-diligence: gender assessments along with financial analysis (e.g., number and role of women in the organization/in the supply chain, gender-pay gap, existence of women-friendly policies)</li> <li>• Portfolio monitoring: assessment and reporting of gender-related impact</li> </ul>	<ul style="list-style-type: none"> <li>• Providing incentives and support to funders to develop and adopt appropriate pre- and post-investment gender-assessment frameworks and monitoring processes and/or to invest in women-led or oriented businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Grant-funded TA to support pipeline origination and the establishment of gender assessment methodologies and frameworks</li> <li>• Pooled investment funds to mitigate concerns around small ticket sizes and high transaction costs, with potentially different tranches with different risk/return profiles</li> <li>• Results-based payments to incentivize investments in gender assessment methodologies and frameworks and/or investments in women-led or oriented businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Particularly resource-intensive activities (i.e., time, expertise, funding) that significantly increase transaction costs, deterring investors from investing in small ticket sizes</li> <li>• Significant TA grant funding needed, but limited donor financing</li> </ul>

	IMPACT	FINANCING NEED	CHALLENGES TO ACCESS FINANCING NEEDED
<b>Increasing evidence of what works</b>			
<p><b>Increasing evidence of what works:</b></p> <ul style="list-style-type: none"> <li>· Mainstreaming the collection and analysis of gender-disaggregated data across all investments, moving beyond just “counting heads” to better capture gender-based outcomes and identify the drivers of women’s empowerment</li> <li>· Amplifying lessons learned and clearly outlining successful impact pathways to attract a broader audience of investors</li> </ul>	<ul style="list-style-type: none"> <li>· Increasing focus on results to learn about what actually works by more rigorously collecting and assessing outcome-based evidence</li> <li>· Generating data on the various types of businesses and sectors targeted by GLI strategies, their needs, preferences, and objectives</li> <li>· Aligning incentives to encourage (i) investments in small/high-risk women-led/focused businesses and (ii) adoption of resource-intensive gender assessment &amp; monitoring processes without compromising financial returns</li> </ul>	<ul style="list-style-type: none"> <li>· Grant-funded support to design and conduct rigorous impact evaluations</li> <li>· First-loss capital/guarantees to improve the risk/return profile of GLI investments</li> </ul>	<ul style="list-style-type: none"> <li>· The business case of GLI mostly originates in developed countries and has yet to be made in developing countries, with a focus needed on generating sector-specific and actionable learnings to attract further investments</li> <li>· High-perception of risk associated with investing in women-led/focused businesses given developing business case</li> </ul>
		<ul style="list-style-type: none"> <li>· Results-based financing (RBF) mechanisms tying contributions to project performance and positive outcomes</li> </ul>	<ul style="list-style-type: none"> <li>· High transaction costs associated with the structuring of RBF instruments (i.e., structuring fees, evaluation costs, lengthy negotiation processes to align interests of many different stakeholders), especially for small pilot projects</li> <li>· Lack of data (i.e., interventions with insufficient track record, lack of evidence of what works) can complexify the process of defining adequate outcome metrics and setting the right level of targets to trigger payments</li> </ul>

Table 2: Recommended innovative financing strategies to address core market failures

MARKET FAILURE	OVERALL SOLUTION	RECOMMENDED INNOVATIVE FINANCING STRATEGIES	RELEVANT EXAMPLES
<p><b>Lack of pipeline of investable projects</b></p>	<p>1. Create investment opportunities and tailored investment strategies</p>	<p>A. Grant-funded TA to build capacities and support early-stage women-led/ oriented businesses</p>	<p>USAID RISE platform<sup>12</sup></p>
		<p>B. Grant-based design funding to support the development of gender-focused projects and transactions</p>	<p>Women’s Livelihood Bonds (case study No. 2), Menstrual Health and Hygiene Development Impact Bond (case study 4), CARE SheTrades fund (case study 3), Root Capital’s Gender Equity Grants<sup>13</sup>, Convergence Design Funding Windows</p>
		<p>C. Concessional capital to provide access to finance to women-led or women-oriented businesses at favorable terms</p>	<p>CARE SheTrades fund (case study 1), Women’s Livelihood Bonds (case study 2), Japan ASEAN Women Empowerment Fund</p>
<p><b>High transaction costs associated with investing with a gender-lens relative to the ticket size</b></p>	<p>2. Lower transaction costs and/or stabilize returns for investors</p>	<p>A. Grant-funded TA to support pipeline origination and the establishment of gender assessment methodologies and frameworks</p>	<p>DFAT’s Investing in Women initiative (case study 1)</p>
		<p>B. Pooled investment fund to mitigate concerns around small ticket sizes and high transaction costs, with potentially different tranches with different risk return profiles</p>	<p>Japan ASEAN Women Empowerment Fund</p>
		<p>C. Results-based payments to incentivize investments in gender assessment methodologies and frameworks and/or investment in women-led or oriented businesses</p>	<p>DFAT’s Investing in Women initiative (case study 1); Sarmayacar Ventures<sup>14</sup></p>

12 USAID RISE platform provides post-investment technical assistance in the form of repayable grants to women-led and women-benefitting businesses and has developed a GLI technical assistance product tailored to women-led/oriented businesses who aim to raise GLI funds. The RISE Platform operates through a blended revolving fund model that generates revenue as SMEs pay back a cost of the TA they receive.

13 Root Capital provides Gender Equity Grants to support agribusinesses to test tailored gender inclusion strategies (including savings and loans programs, financial trainings, daycare centres for mothers, crop collection centres to reduce women farmers’ distance to markets and their risk of crop theft or loss, personal violence, exposure to harsh weather conditions, and exploitation by middlemen).

14 The venture capital fund provides seed and early-stage capital to start-ups in Pakistan, with a particular focus on technology and technology-enabled sectors. Support from the Women Entrepreneurs Finance Initiative through the IFC includes a dedicated rebate tranche, which returns any profits generated by the equity if predetermined gender outcomes are met.

MARKET FAILURE	OVERALL SOLUTION	RECOMMENDED INNOVATIVE FINANCING STRATEGIES	RELEVANT EXAMPLES
Limited evidence of what works increasing perception of risk	3. Strengthen the evidence base for GLI through more	A. Grant-funded support to design and conduct rigorous impact evaluations	Quality of Education in India Development Impact Bond <sup>15</sup> , Acumen Latin America Early Growth Fund (ALEG)'s TA Facility
		B. Results-based financing mechanisms tying contributions to project performance/positive outcomes	Menstrual Health and Hygiene Development Impact Bond (case study 4)

Table 3: Relevant innovative financing instruments<sup>16</sup>

TARGET MARKET OPPORTUNITIES	FINANCING NEED	MATURITY/SOPHISTICATION OF ENTERPRISE AND/OR MARKET	RELEVANT INSTRUMENT	RISK PROFILE
<b>Developing the pipeline of investable projects:</b> <ul style="list-style-type: none"> <li>Women-led/owned businesses</li> <li>Businesses that promote gender equity in the workplace and along their supply chains</li> <li>Women-focused businesses/projects</li> </ul>	<ul style="list-style-type: none"> <li>TA/capacity building</li> <li>Design funding to support the development of gender-focused projects/deals</li> </ul>	<ul style="list-style-type: none"> <li>Early-stage projects</li> <li>Early stage/small-scale enterprises</li> <li>Low sophistication</li> </ul>	<ul style="list-style-type: none"> <li>Grants</li> <li>Recoverable grants</li> </ul>	<ul style="list-style-type: none"> <li>Non-risk capital</li> </ul>
	<ul style="list-style-type: none"> <li>Concessional capital (i.e., favorable and flexible terms)</li> </ul>		<ul style="list-style-type: none"> <li>Non-collateralized debt with flexible/concessional/first-loss terms</li> <li>Guarantees</li> </ul>	<ul style="list-style-type: none"> <li>Higher risk (less mature initiatives/enterprises in frontier markets)</li> </ul>

<sup>15</sup> FCDO supported the DIB through a Technical Assistance grant (£1.5 million) to pay for the DIB evaluation as well as support learning on the effectiveness of DIBs and develop tools, resources and partnerships to encourage DIB replication.

<sup>16</sup> Traditional commercial debt and equity financing instruments can often fail to offer terms sufficiently adapted to cover women-led/ focused businesses' financing needs. Specifically, we highlight a range of instruments (including quasi-grants, debt and risk-sharing mechanisms) that can be tailored to meet the need for flexibility, concessionality, and first-loss capital provisions. It is important to note, however, that as customization and non-standardization/innovation of financial instrument are increased to address the unique needs of an enterprise, the greater the complexity (for both investor and investee) and the higher the transaction costs. Please refer to Annex 1 and Annex 2 for further details.

TARGET MARKET OPPORTUNITIES	FINANCING NEED	MATURITY/ SOPHISTICATION OF ENTERPRISE AND/ OR MARKET	RELEVANT INSTRUMENT	RISK PROFILE
<p><b>Resource-intensive processes associated with GLI and requiring new assessment frameworks:</b></p> <ul style="list-style-type: none"> <li>• Pipeline origination: analysis of key gender aspects</li> <li>• Due-diligence: gender assessments along with financial analysis (e.g., number and role of women in the organization/ in the supply chain, gender-pay gap, existence of women-friendly policies)</li> </ul>	<ul style="list-style-type: none"> <li>• TA/design funding to support pipeline origination and the establishment of gender assessment methodologies</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging market and gender assessment tools/ frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Grants</li> <li>• Recoverable grants</li> </ul>	<ul style="list-style-type: none"> <li>• Non-risk capital</li> </ul>
	<ul style="list-style-type: none"> <li>• Pooled investment funds</li> </ul>	<ul style="list-style-type: none"> <li>• Pool of enterprises/ projects with different degrees of maturity</li> </ul>	<ul style="list-style-type: none"> <li>• Debt/equity fund with potentially public/ philanthropic donors/ investors taking concessional positions within the capital structure</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate risk (pooled across several investments)</li> </ul>
<ul style="list-style-type: none"> <li>• Portfolio monitoring: assessment and reporting of gender-related impact</li> </ul>	<ul style="list-style-type: none"> <li>• Results-based payments to incentivize investments in gender assessment frameworks and/ or investment in women-led or oriented businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Early-stage/pre-investment stage</li> </ul>	<ul style="list-style-type: none"> <li>• Financing solutions to fit the needs</li> <li>• Performance-based contracts</li> <li>• Impact bonds</li> <li>• Social Success Notes<sup>17</sup> (SSN)</li> <li>• Social Impact Incentives<sup>18</sup> (SIINC)</li> </ul>	<ul style="list-style-type: none"> <li>• Highest risk with higher potential returns</li> </ul>

<sup>17</sup> SSN: Donors provide additional returns to a mainstream investor, if and only if the social business investment delivers pre-agreed social outcomes.

<sup>18</sup> SIINC: Donors reward enterprises with premium payments for achieving social impact, providing additional revenues and improving profitability to attract investment to scale.

## Case Studies

### Case study 1: DFAT's Investing in Women initiative

Investing in Women (IW) is a multi-country Australian Government initiative in Southeast Asia that seeks to improve women's economic participation as employees and entrepreneurs, as well as influence the enabling environment to promote women's economic empowerment. Launched in 2016, IW is a 7.5-year, \$102 million program with operations in the Philippines, Indonesia, Vietnam, and Myanmar.

IW aims to drive inclusive economic growth in the region by i) working with leading businesses to shift cultures, practices, and policy barriers to workplace gender equality ii) partnering with impact investors to expand opportunities for women in SMEs, and iii) partnering with local advocates to influence gender norms to support women's economic empowerment. A key part of the initiative is the introduction of a unique grant-based partnership model to expand intentional impact investments in women owned and led SMEs (WSMEs). This model comprises three elements:

1. Incentivizing investment in WSMEs: deployment of investment capital and operational funding support through a performance-based grant partnership with impact investor funds;
2. Strengthening of GLI: TA to support partner funds to implement GLI action plans and customize their products to the needs of WSMEs;
3. Influencing the impact investing eco-system to become WSME-friendly: building credible evidence to demonstrate social and financial benefits of investing in WSMEs and applying GLI.

IW acts both as a market builder (i.e., sharing knowledge and evidence to build confidence and support the market) and a market participant (i.e., grants to catalyze private investment in WSMEs). As of 2019, IW had partnered with four reputable impact investors (i.e., Capital 4 Development Partners, Patamar Capital, Root Capital, and SEAF), and deploying \$6.8 million into 24 WSMEs, and leveraging \$18.8 million in private sector capital.

For each partner fund, IW has established a different innovative blended finance structure via the provision of a performance-based grant. As an example, IW has supported Patamar Capital with a \$4.1 million grant to establish their Investing in Women Fund, aimed to undertake "proof-of-concept" investments that can be leveraged to strengthen the overall business case for GLI in the region. Fund investments include a farm-to-table fresh produce distribution platform, SayurBox, as well as Supahands, a Malaysia-based provider of data sets for machine learning with a 64% female employee ratio. With support from IW, Patamar Capital has also adopted a GLI action plan to incorporate gender lens analyses into its investment processes.

IW has furthermore supported Root Capital, a pioneering agricultural gender-lens investor, with a \$2 million grant to conduct market discovery research, further integrate a gender lens into its internal activities and investment processes, and provide lending capital to WSMEs. The partnership between IW and Root Capital uses a blended finance structure in two layers, deploying \$1.2 million of the IW grant as a loan loss grant in a first investment layer, the purpose of which is to de-risk the second layer of leveraged capital from other investors. Root capital will

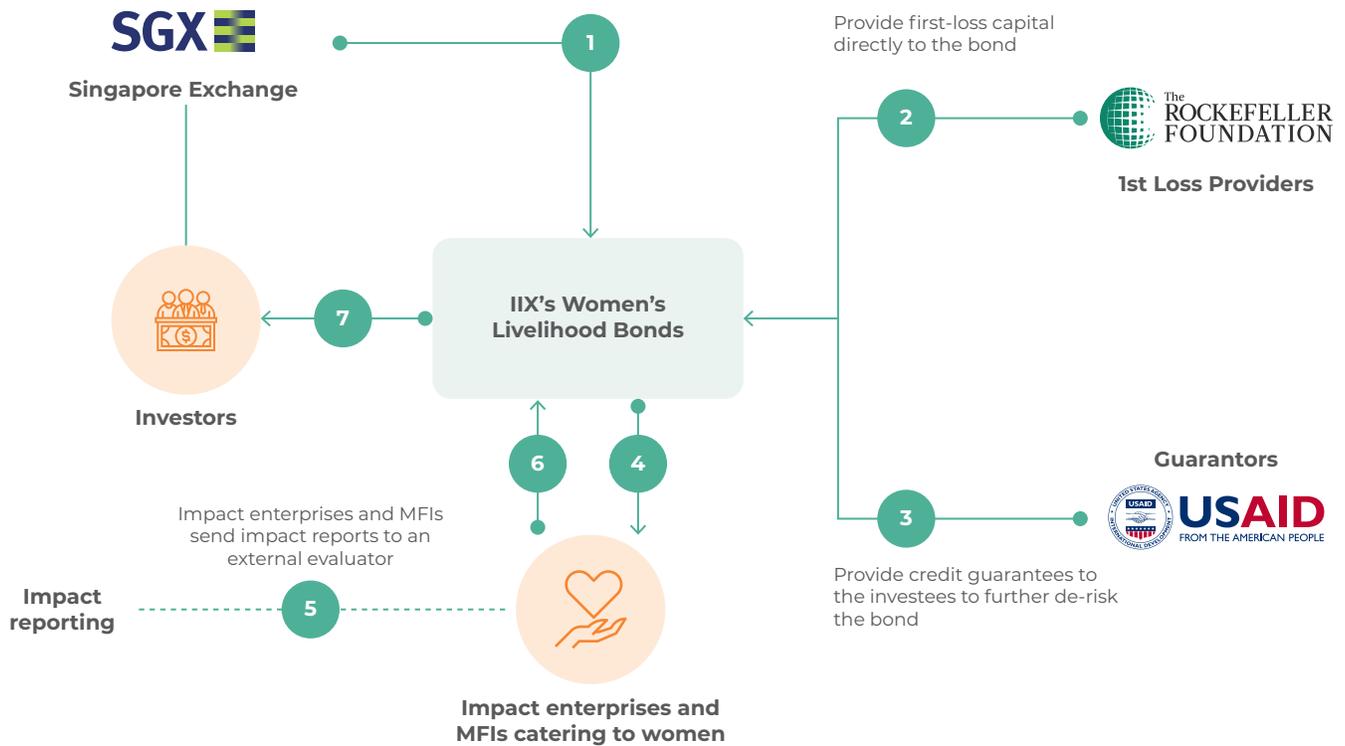
seek to leverage IW's investment by two to five times, in line with IW's commitment of mobilizing private capital towards WSMEs.

In just a few years, IW has contributed to the development of Southeast Asia's blended finance market and positioned itself as a lead player in the growing momentum of GLI in the region. Several factors can help explain this success. Firstly, given the nascent impact investment environment in the region, the use of grants provides a source of catalytic capital that allows partner investors to do more investment, scale up operations, and grow the market quickly. Secondly, IW has secured highly influential relationships (e.g., corporations, funds, business leaders, and internationally recognized leaders such as the GIIN) which has laid important groundwork to ensuring its credibility and influence. Thirdly, the IW initiative is delivered through a single implementing service provider, Abt Associates, which brings coherence to the approaches employed across the program. Early learnings suggest that there is a need to provide support also for non-investment partners (e.g., accelerators) to address pipeline constraints and investment readiness concerns regarding WSMEs.

### **Case study 2: The IIX Women's Livelihood Bonds 1 & 2**

The Impact Investment Exchange's Women's Livelihood Bonds (XII WLB) 1 & 2 are multi-country listed (on the Singapore Exchange) debt securities which aggregate a basket of gender-focused microfinance institutions (MFIs) and SMEs into a diversified pool of investments to provide them with access to affordable credit through the capital markets. Launched in 2017, the WLB 1 mobilized \$8 million, offering investors a 5.65% coupon for a four-year tenor. The WLB 2 was issued in January 2020, mobilizing \$12 million and offering a 4% coupon for a four-year tenor.

The IIX WLB leverage three different types of blended finance mechanisms. Firstly, IIX benefitted from an early-stage design grant from the Rockefeller Foundation and the Japan Research Institute (WLB 1) as well as the Australian Department of Foreign Affairs and Trade (WLB 2) to support the design process (i.e., pipeline development, product development, fundraising, and bond issuance). Secondly, USAID's former Development Credit Authority (DCA) provided a 50% partial guarantee on the principal amount of each of the loans disbursed by XII to its underlying borrowers. Thirdly, subordinated/first-loss capital was added to the capital structure by XII (WLB 1, \$500k) and the Rockefeller Foundation (WLB 2, \$1.5 million) to provide further capital protection to private investors if losses are beyond 50%. Senior investors in the two WLB included the impact investor BlueOrchard, the asset manager Nuveen Investments, a European institution, a U.S. family office, and other private investors.



This bond structure offers several advantages to investors. Bonds are familiar investment products well-understood by institutional investors and they provide liquidity, which is not often the case for other impact investment products. Additionally, pooling together SMEs and MFIs in a single structure allows for leveraging strengths of both entities (i.e., more mature MFIs with stronger track record and younger, high-impact social enterprises requiring smaller ticket sizes and with higher credit risk) to diversify and mitigate risks. Lastly, these products are financially sustainable and thus can be replicated easily.

It took IIX two years and a considerable amount of its own resources to structure, issue, and fundraise for the first WLB. IIX committed to develop the WLB in 2014 but the design process formally began only in 2015 and was completed one year later, after significant changes were made to its initially envisioned structure (e.g., inclusion of an additional layer of first-loss capital to further de-risk the bond), scope, and size. The fundraising process took another 12 months and proved more challenging than anticipated, requiring substantial efforts to educate Asian investors on impact investing and blended finance structures.

Eventually, the WLB 1 was oversubscribed by investors, including Asian players which accounted for about 60% of investors. The WLB structure proved to be highly replicable, requiring significantly less time and efforts to structure and fundraise for while increasing in size: the \$27.7 million WLB 3 was issued in December 2020 (i.e., less than 12 months after the launch of the WLB 2) and a WLB 4 is already in the placement/design phase.

Early successes:

- 385,000 women to be supported through the WLB 1 and 250,000 through WLB 2.
- Over \$3 of social impact experienced by women directly impacted per dollar invested (WLB 2 Q2 2020 reported impact).
- High additionality, with about 60% of the private investors investing for the first time in women's empowerment.
- A total of 9 investees incentivized to measure and report gender-lens outcomes over four years.

### Case study 3: CARE-SheTrades Impact Fund

CARE Enterprises Inc., a for-profit subsidiary of CARE USA, and Bamboo Capital Partners (BCP) launched the CARE-SheTrades impact fund in 2018, a \$75 million gender lens fund investing debt and equity into women-led and women-focused businesses in Asia. The fund prioritizes investments in women-led enterprises, companies that employ women as workers, businesses developing products and services designed to serve low-income women and companies working with women-owned enterprises as suppliers. It will apply a gender lens across the entire investment cycle, integrating gender analyses throughout the screening, due diligence, deal structuration, portfolio monitoring, and management processes.

The CARE SheTrades impact fund forms part of the [SDG500 initiative](#), an impact investment platform dedicated to financing the SDGs. Each of the six funds composing the SDG500 platform include a catalytic first-loss tranche designed to attract senior tranches of funding. The CARE SheTrades impact fund is structured with a \$60 million senior tranche and a \$15 million first-loss layer. CARE has committed \$10 million to the fund, of which \$5 million in first-loss capital. Additional capital was raised from institutional investors, including USAID and high-net-worth individuals.

The CARE SheTrades Fund also integrates a Technical Assistance Facility (TAF), staffed by local CARE gender experts, which provides gender-equality trainings to portfolio company leaders and staff. The TAF aims to test and design new approaches in which businesses can overcome unconscious gender biases and better integrate women's perspective in their policies and practices, recruitment and staff advancement, development of new products and services and/or in sourcing and supporting their supply chains.

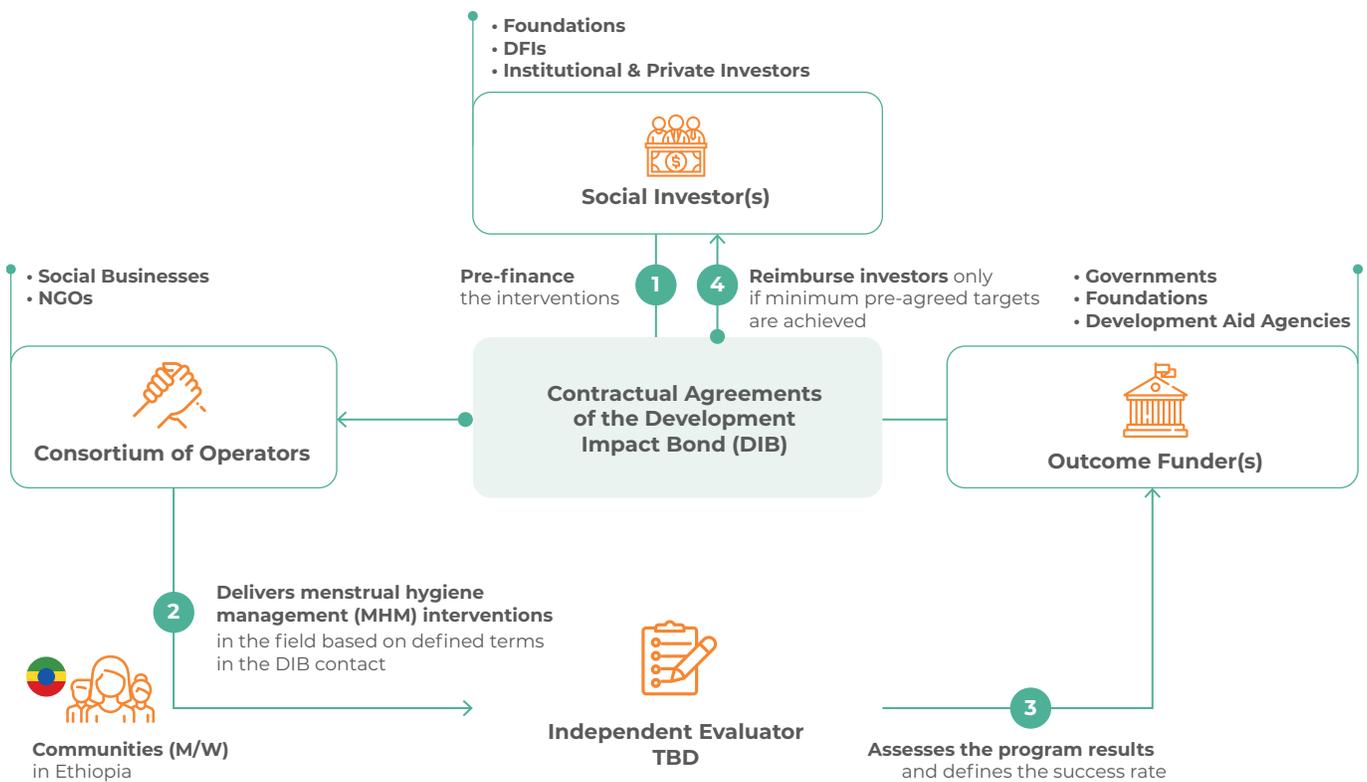
Early successes:

- 3 million women entrepreneurs connected to market by 2021.
- Rate of return of 7.5%.
- Half the profit of the fund tied to reaching ambitious gender impact goals.

**Case study 4: Menstrual Health & Hygiene (MHH) Development Impact Bond (DIB)<sup>19</sup>**

Menstruation is an important part of any woman's life, yet it remains taboo in many countries. Because of this, many girls and women have very poor knowledge of the topic. For instance, 70% of adolescent girls in Ethiopia have never heard of menstruation before it first occurs to them. In addition to this lack of awareness, sanitary infrastructures are not always available and products not readily accessible or affordable. Supporting communities through a holistic approach (awareness raising, access to sanitary products and to MHH-friendly latrines) can have a significant impact on education, health and well-being, access to water and sanitation, early pregnancy, AIDS transmission, and gender equality.

KOIS is structuring in collaboration with the French Development Agency (AFD), the French Ministry of Foreign Affairs (MFA), and the NGO CARE International, a DIB aimed at supporting holistic menstrual health and hygiene interventions in Ethiopia and in Niger. The impact bond will receive outcome funding from the AFD and potentially other outcome funders (e.g., donor governments, foundations, development aid agencies) as well as investments from one or several social investors (e.g., foundations, development finance institutions, or institutional/private investors). The AFD also supported the project through a design-stage grant (i.e., feasibility study and structuring phase) from 2018 to 2020.



<sup>19</sup> Development Impact Bond are innovative results-based financing instruments whereby social investors provide upfront working capital to a service provider to deliver a social intervention, and an outcome funder pays investors back with a financial return only if pre-defined social outcomes are achieved, as verified by an independent evaluator.

As a results-based financing mechanism, DIBs aim to increase projects' focus on outcomes, as opposed to activities and inputs or outputs, and require the implementation of a robust evaluation methodology. Therefore, they have the potential to generate rigorously measured outcome-based evidence and contribute to learning about what works. Impact bonds bring multiple advantages for all stakeholders involved. They allow outcome funders to externalize financial and execution risks associated with innovative programs to social investors, thereby only paying for successful and efficient initiatives. For social investors, impact bonds generate meaningful social impact alongside attractive financial returns and allow for diversification of their investment risk, by investing in a financial product that is uncorrelated with traditional asset classes. They increase accountability of service providers by introducing rigorous impact evaluation frameworks, create incentives to enhance projects' performance, and provide a greater flexibility in delivery (i.e., focus on results instead of activities and plans).

The AFD and the French MFA have decided to make gender equality the central development objective of this DIB, in line with the French government's 2018-2022 strategy and its G7 commitment to make gender equality policy one of its top priorities of its mandate. This will be the first DIB focused on measuring gender-related impact. As a result, the DIB evaluation will be largely based on indicators that reflect a change in practices and beliefs around MHH as well as gender equality overall. Selected payment metrics include: (i) improved mobility and inclusion of women during menstruation (e.g., whether girls are attending school during their menstruation, women going to work and/or participating in activities such as cooking, sharing meals with others, etc.), (ii) increased knowledge about menstruation and related issues from women, girls, men, and boys, as well as (iii) the extent to which women's and girls' environments are conducive to answering their MHH needs (i.e., access and satisfaction with menstrual hygiene products, sanitation facilities to change and wash themselves, etc.). The MHH DIB evaluation will leverage existing measurement tools developed by MHH researchers and practitioners (e.g., MHH needs met questionnaire, UNICEF/WHO JMP questionnaire on mobility and inclusion) and will be based on a rigorous evaluation methodology (i.e., quasi-experimental) in order to contribute to building the evidence base for MHH and contributing to the global MHH learning agenda. The MHH DIB will be launched for a first tranche in Ethiopia in 2021 for a duration of three years.

## Conclusions

In this context, program and deal sponsors that comprehensively articulate gender issues will gain an advantage when competing for capital from donors and investors. This brief aims to provide concrete recommendations for development practitioners to (i) design gender-focused finance programs and (ii) mainstream GLI into non-gender-focused programs and proposals. These two approaches will require:

- Developing internal gender analysis tools to develop a better understanding of the multidimensional barriers faced by women, as well as to screen, assess, and select a range of potential partners (e.g., investees, implementers, investors).
- Including a gender lens at project design and inception to make sure programs are equitable throughout their lifecycle and addressing all barriers to women's participation and economic/social empowerment observed in a given context. This can be achieved for example by integrating women from the targeted communities in participatory project design processes (i.e., focus groups, women-centered design).
- Building data collection frameworks that leverage existing gender-related impact metrics and assessment frameworks and collecting sex-disaggregated data throughout projects to contribute to filling in gender data gaps and generate actionable learnings, by moving beyond just "counting heads", to incentivize further investments from partners.
- Moving from supporting women as leaders or in boardrooms to targeting (i) sectors that are insufficiently addressed with gender-lens approaches (e.g., education, healthcare, energy, agriculture, water and sanitation) and/or (ii) products/services that have the potential to disproportionately benefit women (e.g., clean cooking, renewable energy, infrastructures and transport) and/or (iii) supply chains that mostly employ women (e.g., textile manufacturing, coffee or cocoa).
- Leveraging blended finance structures (i.e., TA, grant-based design funding, catalytic grants and concessional capital, guarantees, results-based funding) as key tools to reinforce GLI proof of concept in low- and middle-income countries, by developing the pipeline of investable projects, mitigating investors' bias and perceptions of risk, and building up the evidence base for GLI.

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- XIV. WeFi, [Village Capital, IFC, Venture Capital and the Gender Financing Gap: The Role of Accelerators](#), February, 2020

## ADDITIONAL SOURCES

Useful online resources:

- Gender-Smart Investing Summit, [Resources](#)
- ICRW, [Gender-Smart Investment Resource Hub](#)
- Investing in Women, [Knowledge Hub](#)
- The Global Impact Investing Network, [Repository of Gender Lens Investing Resources](#)
- European Bank for Reconstruction and Development (EBRD), [Gender Tools and Publications](#)
- IFC, [Gender Resources](#)
- Data2x, [Mapping of Gender Data Gaps](#)

Selection of additional relevant gender-related blended finance case studies:

### Principal gender focus

- Educate Girls Development Impact Bond
- Quality of Education Development Impact Bond
- Utkrisht Development Impact Bond
- Kangaroo mother care Development Impact Bond
- Investing in Women initiative
- Women's World Banking Capital Partners Fund II (WWBCP II)
- Affirmative Finance Action for Women in Africa (AFAWA)
- Japan ASEAN Women Empowerment Fund (JAWEF)
- Equality Fund

### Partial gender focus

- Jordan Loan Guarantee Facility
- Root Capital's Women in Agriculture initiative
- IFC's ALCEDA debt financing facility
- Finance for Jobs – Palestinian Employment Development Impact Bond
- Acumen Latin America Early Growth Fund (ALEG)
- USAID RISE platform

Selection of other GLI strategies and initiatives:

- **2X Challenge** - launched in 2018 at the G7 Summit, recently set an ambitious new \$15 billion fundraising goal after securing more than double its original \$3 billion target to support, to support projects that empower women as entrepreneurs, business leaders, employees and consumers of products and services that enhance their economic participation. The initiative involves fifteen development financial institutions (DFIs) from the G7 countries.
- **The World Bank's Africa Region Gender Innovation Lab (GIL)** - conducts impact evaluations which assess the outcome of development interventions in Sub-Saharan Africa, to generate evidence on how to close the gender gap in earnings, productivity, assets, and agency.
- **African Enterprise Challenge Fund (AECF)**, based in Nairobi, targets at least 50% of development impact accruing to women across the investment portfolio, 35% of portfolio companies being women-led, and 40% of jobs created in these companies held by women. AECF's funding partners include the Governments of Australia (DFAT), Canada (GAC), Denmark (DANIDA), the Netherlands (BZ), Sweden (SIDA), and the UK (FCDO)

- **African Women Leaders Network (AWLN)** - launched under the African Union Commission (AUC) and the UN, comprises over 500 African women committed to sustainable transformation on the continent. AWLN focuses on six key areas: governance and political participation, peace and security, finance and women's entrepreneurship, youth leadership, agriculture, and social mobilization.
- **Women in African Investments (WAI)** – a peer-to-peer learning group of 250+ women fund managers in Africa run by Lelapa, a specialist advisory firm on crowdfunding, innovative SME finance and fintech regulations in Africa that applies a gender lens to its work.
- **Lionesses of Africa** - a social enterprise working to advance Africa's women entrepreneurs by building and delivering entrepreneur development programmes, mentoring programmes, business tools, digital media channels, community platforms, networking events and information resources; delivered at scale to women entrepreneurs.
- **The ANGIN (Angel Investment Network)** - the first gender lens fund in Indonesia was established by 15 local HNWI's to support and invest in businesses led or owned by female entrepreneurs. The fund has made five investments to date and provided training to more than 100 women-led businesses.
- **The Beacon Fund** - Patamar partnered with Investing in Women to establish a Southeast Asia-focused gender lens investing evergreen fund which provides debt and equity to women's SMEs. Now fully invested into 14 companies.
- **Emerging Market Impact Investment Fund (EMIIF)** - invests in funds that target early and growth stage SMEs using a range of non-grant financial instruments such as loans, equity and guarantees to encourage additional investment into investee funds from private investors. Its investment strategy uses a gender lens to identify and make investments in SMEs that are women-led, provide products and services for women and girls, or promote gender equality in their workplaces.
- **Phatisa funds** - three funds under management, totaling more than \$400 million. Phatisa integrates gender into each stage of the investment life cycle: from screening, to due diligence, to portfolio management and measurement. In addition to portfolio-wide target setting, Phatisa works closely with select investees across a range of industries, geographies, and business models, to support them in implementing gender projects to increase and improve women's employment and economic empowerment across the value chain.
- **Gender-Smart Enterprise Assistance Research Coalition (G-SEARCh)** - launched at Women Deliver in June 2019 and comprises a group of five like-minded impact investors committed to investing with a gender lens. The consortium includes AlphaMundi, Acumen, SEAF, Root Capital, and AHL Venture Partners. The goal of G-SEARCh is to demonstrate the business case for incorporating gender-smart interventions across early- and growth-stage SMEs in emerging markets.

## Examples of gender assessment tools

### 2X Criteria -

To qualify for the 2X Challenge, an investment must already meet – or have an explicit commitment to meet – at least one of the following criteria:

		CRITERIA	THRESHOLD	SECTOR-SPECIFIC THRESHOLDS													
DIRECT CRITERIA	1	ENTREPRENEURSHIP	1A. Share of women ownership	51%	<b>2A. Women in Senior Management*</b> <table border="1"> <thead> <tr> <th>Grp.</th> <th>Sector</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>Infrastructure, power, telecoms</td> <td>20%</td> </tr> <tr> <td>Mid.</td> <td>Financial services, Manufacturing, agribusiness &amp; food, professional services, Consumer services</td> <td>25%</td> </tr> <tr> <td>High</td> <td>Healthcare, education</td> <td>30%</td> </tr> </tbody> </table>	Grp.	Sector	%	Low	Infrastructure, power, telecoms	20%	Mid.	Financial services, Manufacturing, agribusiness & food, professional services, Consumer services	25%	High	Healthcare, education	30%
			Grp.	Sector		%											
	Low	Infrastructure, power, telecoms	20%														
	Mid.	Financial services, Manufacturing, agribusiness & food, professional services, Consumer services	25%														
	High	Healthcare, education	30%														
	1B. Business founded by a woman	Yes / No															
	OR																
	2	LEADERSHIP	2A. Share of women in senior management <sup>1</sup>	20 - 30% <sup>2</sup>													
			2B. Share of women on the board or IC <sup>1</sup>	Yes / No													
	OR																
	3	EMPLOYMENT	3A. Share of women in the workforce <sup>1</sup>	30 - 50% <sup>2</sup>	<b>3A. Women in the Workforce*</b> <table border="1"> <thead> <tr> <th>Grp.</th> <th>Sector</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>Infrastructure, power, telecoms</td> <td>30%</td> </tr> <tr> <td>Mid.</td> <td>Financial services, Manufacturing - heavy, Agribusiness &amp; food, Professional services</td> <td>40%</td> </tr> <tr> <td>High</td> <td>Healthcare, education, Consumer services, Manufacturing - light<sup>3</sup></td> <td>50%</td> </tr> </tbody> </table>	Grp.	Sector	%	Low	Infrastructure, power, telecoms	30%	Mid.	Financial services, Manufacturing - heavy, Agribusiness & food, Professional services	40%	High	Healthcare, education, Consumer services, Manufacturing - light <sup>3</sup>	50%
			Grp.	Sector		%											
Low	Infrastructure, power, telecoms	30%															
Mid.	Financial services, Manufacturing - heavy, Agribusiness & food, Professional services	40%															
High	Healthcare, education, Consumer services, Manufacturing - light <sup>3</sup>	50%															
AND																	
		3B. One “quality” indicator beyond compliance	Yes / No														
OR																	
4	CONSUMPTION	4. Product or service specifically or disproportionately benefit women	Yes / No														
OR																	
INDIRECT	5	INVESTMENTS THROUGH FINANCIAL INTERMEDIARIES <sup>3</sup>	On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria <sup>1</sup>	30%													
			Funds: Percent of portfolio companies that meet the direct criteria <sup>1</sup>	30%													

*\*Room for judgement: Investees in unique sectors or geographies may require case-by-case consideration*

1 Commitments to achieve targets in these categories also make investments eligible, including new commitments by existing investees.

2 These thresholds vary depending on the sector of the investment. See sector-specific thresholds.

3 Investments through financial intermediaries may also be eligible if the financial intermediary meets any of the direct criteria. For funds, this requires either that the fund manager itself meeting one of the categories, or if the fund itself has a clear investment thesis to invest in women.

**SEAF Gender Equality Scorecard (GES)**

Gender Equality Scorecard© can be used to assess women’s economic empowerment and gender equality within investment opportunities and portfolio companies. The GES tool can be used for multiple purposes, including to:

- Assess, score and select potential investment opportunities with regard to a company’s demonstrated commitment to gender equality;
- Further score potential portfolio companies during due diligence to identify areas for improvement and determine gender improvement plans to be integrated into portfolio company’s short-term business plans and more medium-term value creation strategies for the benefit of women, investors and entrepreneurs;
- Conduct ongoing assessments of portfolio companies’ gender equality to guide post-investment value creation work; and
- Leveraging the data set will serve to validate and refine SEAF’s and other investment firm’s thesis around the importance of women’s economic empowerment and gender equality, as well as wider diversity, to company performance, financial or social.

This overall rating score is based on 6 gender equality performance vectors: pay equity, workforce participation, leadership and governance, benefits and professional development, workplace environment, and women-power value chains. Each vector consists of four qualitative or quantitative parameters, each of which is also each scored on the 5-point scale.

<b>PAY EQUITY</b>	<b>WOMEN’S WORKFORCE PARTICIPATION</b>	<b>GENDER-DIVERSE LEADERSHIP AND GOVERNANCE</b>
<ul style="list-style-type: none"> <li>• Approach to advance pay equity based on international expectations</li> <li>• Women/men compensation ratio for hourly workers</li> <li>• Women/men compensation ratio for salaried employees</li> <li>• Women/men ratio of company’s top 10 percent compensated employees</li> </ul>	<ul style="list-style-type: none"> <li>• Approach to promote gender diversity in recruitment</li> <li>• Women’s percent of salaried employees</li> <li>• Women’s percent of hourly workers</li> <li>• Women’s turnover ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Women’s board representation</li> <li>• Women’s C-Suite representation</li> <li>• Women’s middle management representation</li> <li>• Women’s cap table representation</li> </ul>
<b>BENEFITS AND PROFESSIONAL DEVELOPMENT</b>	<b>SAFE &amp; HEALTHY WORKPLACE ENVIRONMENT</b>	<b>WOMEN-POWERED VALUE CHAINS</b>
<ul style="list-style-type: none"> <li>• Approach to paid parental leave</li> <li>• Health insurance policies that recognizes the different health needs of women and men</li> <li>• Approach to promote women’s professional development and training</li> <li>• Approach to ensure non-discrimination and equal opportunity in performance review and promotions process</li> </ul>	<ul style="list-style-type: none"> <li>• Approach to integrating environmental impact on women and girls, including the climate change vulnerabilities between women and men, in its environmental protection measures</li> <li>• Approach to address sexual harassment and gender-based-violence in the workplace</li> <li>• Approach to occupational health and safety addresses the specific health, safety, and hygiene needs of women at work</li> <li>• Approach to promote gender equality and women’s empowerment through inclusion, transparency and respect policies and practices</li> </ul>	<ul style="list-style-type: none"> <li>• Approach to promote gender diversity in (management) of supplier workforce/Approach to promote gender diversity in supplier employees overall</li> <li>• Approach to target women customers with its products and/services</li> <li>• Women employees in procurement department</li> <li>• Women/men ratio in marketing and product design</li> </ul>

### ICRW's Gender Scoring Tool

Available on [ICRW's Gender-Smart Investing Resource Hub](#), the Gender Scoring Tool include multiple sector-specific versions (i.e., agriculture, off-grid energy, power sector, healthcare) targeting impact investors, particularly those investing in private companies in developing countries. The primary use cases are (1) during screening or due diligence with potential investees; (2) to identify strategic gender opportunities with current portfolio companies.

Each sector scorecard provides a series of weighted questions that surface insights for investors, companies, and organizations to understand the potential gender opportunities and risks of an investment. The scorecard weighs each question differently based on the resources required to implement and the potential for gender and business impact. The tool is divided into four sections:

- **Overall Score**, which considers five domains: Governance, Workforce, Suppliers and Distributors, Consumers, and the Community. Up to three sub-scores may also be generated:
- **Value Chain Score**, with segments varying based on the sector. For example, off-grid energy includes research and design, production and manufacturing, marketing and sales, distribution/installation, and after-sale service.
- **Gender Equity in the Workplace**, which scores women's representation, leadership, recruitment and hiring, promotion and employee evaluation, pay equity, anti-sexual harassment, flexible work and care, skill building and other internal operational considerations.
- **Products/Services Impacting Gender Equity**, which includes questions that assess if the company targets women consumers, volume of women customers reached, or whether products or services impact women's empowerment, where relevant.

Other ICRW's resources include for each sector a Gender Opportunities Explorer, Gender Materiality Maps as well as relevant case studies.

### USAID's Six Domains of Gender Analysis

This [tool](#) was designed to integrate gender analysis as part of project design and implementation and covers six domains: (i) Access (i.e., equal access to resources, income, services, employment, information and benefits), (ii) Knowledge, Beliefs and Perception (i.e., equal education and knowledge, stereotypes and stigma shaping gender identities, self-perceptions and levels of self-confidence), (iii) Practices and Participation (i.e., activities, roles and responsibilities by gender), (iv) Time and Space (i.e. allocation of time and decisions about locations), (v) Legal rights and Status (i.e., legal documentation, voter registration, property titles, right to inheritance and employment, etc.); (vi) Power and Decision-making (i.e., ability to decide, influence, control, enforce personal and governmental power).

### EDGE certification

The [EDGE certification](#) is a global, independent certification system to measure an organization's commitment to gender equality. The methodology includes four pillars: i) strong gender balance, ii) gender pay equity, iii) effective policies and practices to ensure success for women and men, and iv) inclusive culture.

**Women's Empowerment Principles (WEP) Gap analysis tool**

[Holistic assessment tool](#) for companies to assess their corporate policies and practices through 7 key principles including the extent to which firms provide equal opportunities, adequate work life balance, support to gender equality in the supply chain and respect to women's rights in local communities.

**UNDP Gender Equality Seal for Public and Private Organizations**

This certification includes criteria around the elimination of gender-based pay gaps, the increase of women's roles in decision-making, the enhancement of work-life balance, the enhancement of women's access to non-traditional jobs, the eradication of sexual harassment at work and the use of inclusive, non-sexist communication.

Other GLI tools:

**IFC Women's Employment Program**

The [Women's Employment Program](#) provides a preliminary gender workforce assessment for investee companies, and tools and resources they need to strengthen gender inclusion within their operations, resolve labor issues, increase employee engagement, benefit from inclusive.

**Value for Women, How to invest with a gender lens report**

This [report](#) is aimed at impact investors (i.e., Development Finance Institutions, VC/PE limited partners, Foundations, Family Offices) operating in emerging markets and provides concrete, practical pathways for investing with a gender lens.

**FinDev Canada, Unequalpolis**

[Unequalpolis](#) is a tool to raise awareness about barriers to women's economic empowerment.

**Sasakawa Peace Foundation and Frontier Incubators Program, Gender Lens Incubation and Acceleration (GLIA) Toolkit**

The Sasakawa Peace Foundation and Frontier Incubators Program created the [Gender Lens Incubation and Acceleration \(GLIA\) Toolkit](#) aimed at incubators and accelerators to help them develop their own gender strategies, guidelines and frameworks in order to foster the development of a gender-smart entrepreneurial ecosystem in Southeast Asia.

**SPRING Investors toolkit**

The [SPRING Investors Toolkit](#) aims at providing practical tips, tools and case studies to help investors enter the Gender Lens Investing space.

**UNICEF and Criterion Institute Gender-Based Violence due diligence tool**

UNICEF and the Criterion Institute launched an [investment due-diligence tool for gender-based violence](#) to enable investors to assess potential investments' exposure to the political, regulatory, operational and reputational risks associated with gender-based violence.

**Equilo**

[Equilo's web-based application](#) harnesses big data and machine learning to provide social and gender analyses, tools and action plans that can be used for development project planning, business development, emergency response, due diligence, and private investments across 20 sectors globally.

Examples of gender-related impact metrics/investment criteria

This table is a short summary of impact metrics/investment criteria used in the space to assess gender equality performance of companies/investees and to track gender-based outcomes. Key sources include: 2X criteria, World Economic Forum, the XX Factor, data 2x, Women's empowerment principles, SDG's metrics, EqualMeasures2030.

WOMEN AS LEADERS/ ENTREPRENEURS	WOMEN AS EMPLOYEES/ WORKERS	WOMEN AS CONSUMERS	WOMEN AS INDIVIDUALS
<ul style="list-style-type: none"> <li>• % of senior management/board/investment committee who are female</li> <li>• % of female ownership and % of company founders who are women</li> <li>• Female access to finance (i.e. having an account at a financial institution, having access to credit)</li> <li>• Property rights (i.e. ability to own land and other assets, such as livestock/small farm equipment) and asset ownership</li> </ul>	<ul style="list-style-type: none"> <li>• % of employees who are female</li> <li>• % of women across professional clusters/talent pipeline</li> <li>• % of women across skill clusters</li> <li>• Female labor force participation</li> <li>• Share of women in informal jobs</li> <li>• Estimated earned income and opportunity cost of paid work (i.e. earning potential)</li> <li>• Gender Wage Equity</li> <li>• Investee/company has initiative in place to advance women in the workforce</li> <li>• Paid maternity/paternity leave</li> <li>• Flexible work arrangements (e.g. access to child care)</li> <li>• Sexual harassment policy</li> </ul>	<ul style="list-style-type: none"> <li>• % of customers who are female</li> <li>• # unique client individuals provided with new access to a product/service by sex</li> <li>• Investee's product/service disproportionately benefits women</li> <li>• Company/investee assesses differential impacts on men and women during social impact assessments</li> <li>• Company/investee seeks to challenge gender norms and promote positive images of women and girls in marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Child marriage among women and girls (SDG5)</li> <li>• Female genital mutilation (SDG5)</li> <li>• Unpaid domestic and care work, by sex (SDG5)</li> <li>• Women in parliaments and local governments (SDG5)</li> <li>• Population living below US\$1.90 per day, by sex (SDG1)</li> <li>• Maternal mortality ratio (SDG3)</li> <li>• Coverage of essential health services (SDG3)</li> <li>• Girl's access to secondary education (SDG4)</li> <li>• Women's perception of safety (SDG16)</li> </ul>

## Key sector players

### Investors



### Governments and Foundations

### GLI Advisors



### Gender-based data platforms



### Networks, resource platforms and events

