



Six Practical Ways to Tackle Gender Lens Investing

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Gender lens investing (GLI) is *the* trending topic in development finance. Rather than a completely new approach, it is a powerful framework or “lens” through which we can define and evaluate the design and measurement of investments. Simply put, gender equity occurs when all individuals, regardless of their gender, have equal power and equal access to opportunities. In the early 2000s an important paradigm shift occurred when the development community and international organizations made unprecedented political and policy commitments to gender equity, creating the mandate for innovative designs and allocation of program funding. This imperative has created ripple effects in catalyzing innovation and learning around GLI, which has crowded in and raised significantly more capital dedicated to addressing gender inequity. At the same time as donor and impact investors have strengthened their commitment to GLI, corporations and commercial investors have begun to recognize the market demand for GLI as well as the risks of not taking a GLI approach to their investment strategies. In one

year, private equity, venture capital, and private debt funds have increased capital deployed for gender lens strategies from \$1.3 billion in 2017 to \$2.2 billion in 2018 (according to the Project Sage Report).

In this paper we show how DAI is facilitating GLI and highlight some trends and opportunities for interested parties.

Gender Lens Investing Definition

“Investing with the intent to address gender issues or promote gender equity” ~ GIIN

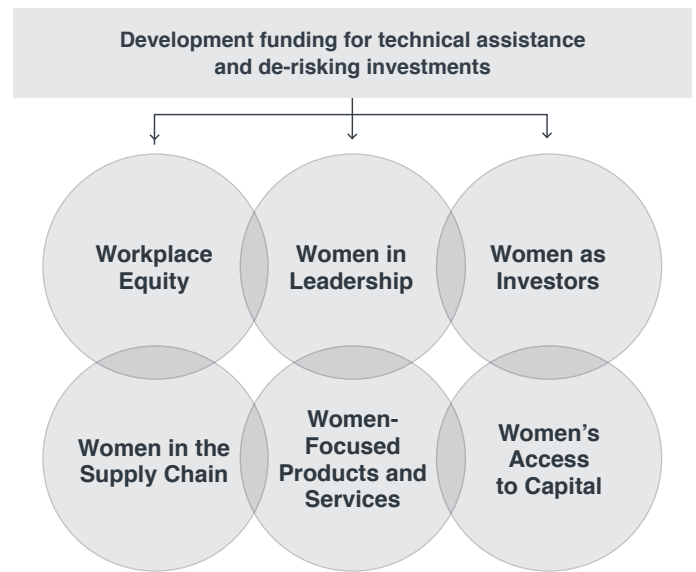
There are many ways in which investments can be made to address gender disparities and promote gender equity. Investors, managers, and businesses have various motivations and incentives when considering GLI. For this paper, we consider DAI’s work through the six “Gender Smart” lenses¹ described below and discuss other frameworks and tools developed by GLI experts and investors.

Increasingly, DAI is leveraging donor funds to achieve greater scale and sustainability through partnerships with financial institutions, investors, and private companies. Through its work with donor clients, DAI designs and implements interventions that invest development funds in GLI activities; this paper presents examples of our GLI activities. Such work typically involves “overlapping” lenses. For example, a woman-owned business could also produce products that are focused on women, while woman-led funds (women as investors) would overlap with the lens focused on women in leadership positions.

The Gender Smart lenses lend clarity to how we categorize and consider GLI at DAI but GLI consulting firms, investors—including development finance institutions—and fund managers are developing and offering other tools and frameworks to define eligibility and track performance of GLI investments. The 2X Challenge is the largest and most notable GLI facility to date and its criteria set useful minimum standards for GLI. Within one year it has raised \$2.5 billion in commitments, far sooner than many thought possible. Criterion Institute is one of the lead consulting firms in GLI. It looks beyond company-level data to provide clients and investors with gender lens data that they can use to analyze the market in which companies operate. Criterion has developed a Gender Action Planning Tool with the Australian Government to advise funds investing with women operating in the Southeast Asia market. In addition to an upfront analysis of a GLI fund or firm-level investment, the industry needs a way to track GLI performance over time. To do so, SEAF has developed its Gender Equality Scorecard², a proprietary index that scores potential investments at due diligence but also monitors its investments’ GLI score over time.

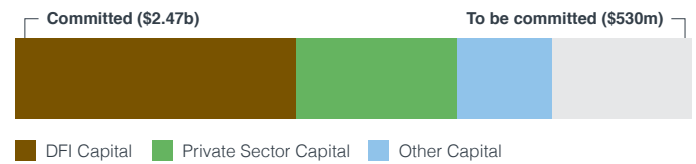
As donors and development firms seek to strengthen and grow private sector partnerships with a more diverse set of actors, DAI is looking at how these frameworks and tools can be applied to its growing portfolio of blended finance interventions in developing market contexts.

Six Gender Smart Lenses



Commitments so far

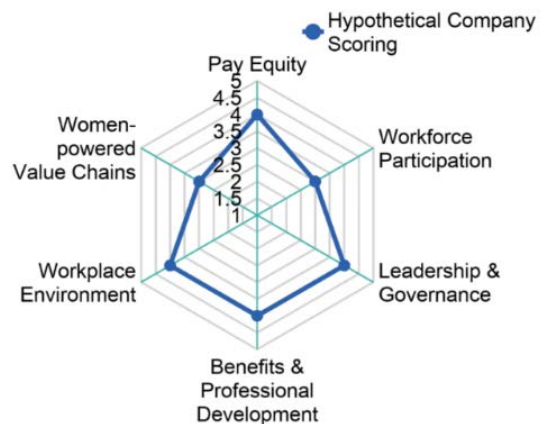
The “2X Challenge” calls for the G7 and other DFIs to join together to collectively mobilize **\$3 billion**.



2X Challenge Funding Criteria:
 Entrepreneurship, Leadership, Employment, Consumption, and Investments through Financial Intermediaries

SEAF Gender Equality Rating: 3.5

Figure 1 SEAF Gender Equality Scorecard



¹ The six lenses for gender smart investment were presented as part of CASE at Duke University and Catalyst at Large’s Getting Gender Smart executive training, held in Durham, N.C., on September 9-11, 2019: <https://sites.duke.edu/casei3/for-practitioners/getting-gender-smart/>

² <https://www.seaf.com/womens-economic-empowerment-and-gender-equality/>



Workplace Equity

Workplace Equity means that all employees are treated fairly and have equal access to opportunities. DAI works in partnership with private firms and policy makers to assess gender dynamics and challenges in the workplace and identify ways to promote more equitable hiring, compensation, and promotion practices and policies. While some firms push back when issues of gender equity in the workplace are raised, more and more firms are recognizing the business case for improving workplace equity and the additional risks they might face if equity issues are left unaddressed.

Arab Women's Enterprise Fund (AWEF): Jordan, Egypt, and Palestine

Funded by the U.K. Department for International Development (DFID) and the Islamic Development Bank, AWEF stimulates increased economic opportunity and wellbeing for 150,000 poor women in Egypt and Jordan. AWEF aims to expand women's participation and representation in the labor market and enhance their voice, choice, and control in economic activities in the region with the lowest rate of female economic participation in the world. AWEF focuses on both economic access and economic *agency* for women, which is important because research shows that women consider their voice, choice, and control to be as important as—and in many cases more important than—their income. In partnership with firms operating in the Middle East and North Africa, DAI makes a business case for the adoption of key policy priorities—comprehensive policies to improve the skills, flexibility, employability, and retention of female staff, and equitable hiring practices for women.

Illustrative activities and results: In Egypt, DAI partnered with a major Egyptian retailer to increase the retention of women and reduce recruitment costs by adopting gender-sensitive recruitment practices and offering worker awareness and supervisory training. Competitors and other industry leaders took note of its success and wanted to learn how to replicate them. AWEF published its learning through a practitioner brief, "[Working with the Private Sector to Empower Women: What to Measure and How to Build the Business Case for Change.](#)" and collaborated with industry associations and policy makers to facilitate greater uptake.

In Jordan, AWEF partnered with Dinarak, a leading payment service provider, and catalyzed access to digital financial services among underprivileged women through a network of female agents. During the 12-month pilot, 30 female-owned businesses became Dinarak's agents and Dinarak redesigned brochures and launched a social media video campaign explaining how women can use e-wallets for bill payments, money transfers, online purchases, and savings. As a result, Dinarak registered 12,309 female e-wallet users against a target of 3,000 female clients.

Additional GLI lenses: Women in the Supply Chain (AWEF partnered with a dairy processor to set up a milk supply network of 189 to 250 women that will be scaled to 500 women next year); Women in Leadership.

Additional example: Advancing women's digital connectivity is key to promoting their empowerment in an increasingly digital world and the Digital Frontiers WomenConnect Challenge is doing exactly that (click [here](#) for more info).



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Women in Leadership

This lens looks at how many women hold senior management positions and allows an organization to consider how it promotes and retains women in senior management. Investors and firms should prioritize gender balance in all levels of the corporate structure, particularly in the higher echelons. Evidence links greater female participation with metrics of financial success.³ DAI works to support the capacity of—and investment in—firms led by women and those which employ women and invest in their career growth.

Women in the Economy (WIE): Afghanistan

As part of the Promoting Gender Equity in National Priority Programs (PROMOTE) initiative for USAID, the WIE program is bolstering women's inclusion in Afghanistan's mainstream. WIE is based in five economic zones and works across 30 Afghan provinces. WIE assists women-owned businesses and businesses that employ at least 30 percent women to improve performance, income growth, and sustainability. WIE supports women ages 18 and above to find new or better jobs through career counseling, workplace skills development, and job skills training based on market demand. These activities take place in partnership with training providers to deliver services and fund scholarships for training and certification programs. The program gives Afghan women the opportunity to gain work experience, prove their capabilities to employers, and secure new or better positions.

Illustrative activities and results: WIE works first with women-owned businesses and businesses that hire at least 30 percent more women, assisting them with financial and strategic planning, access to market information and financing, and commercial relationships. WIE support incentivizes and helps companies know how to advocate for better workplace environments for women and create leadership career paths for women through job readiness preparation, internships, apprenticeships, and job placement. Second, WIE helps female jobseekers find new jobs through career counseling, workforce skills development, and technical skills training based on market demand. More than 17,500 women will receive new or better employment as a result of program assistance and 20 percent of Promote-supported businesses will move to the next level of enterprise size and 50 percent of all Promote-supported businesses grew by 298 percent within two years of receiving assistance.

Additional GLI lenses: Workplace Equity, Women in the Supply Chain, Women as Investors

For more information: [Click here](#)

Additional Example: In Nigeria, under the Women 4 Health project funded by DFID, DAI is supporting women's leadership at accredited health training institutions; see Women-Focused Products and Services example for more details.



³"Is Gender Diversity Profitable? Evidence from a Global Survey," Peterson Institute for International Economics, Marcus Noland, Tyler Moran, and Barbara Kotschwar, 2/1/2016: <https://piie.com/publications/wp/wp16-3.pdf>; "Delivering through Diversity," McKinsey, (COME BACK) <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

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Women as Investors

This lens recognizes the importance of women making investment decisions and places them in the driver's seat as investors. Women are increasingly in a position to make investment decisions but cultural norms and generational inequities in wealth and ownership of collateral assets mean that there are still fewer women investors than men. GLI funding opportunities can help to change this. For example, to meet the 2X Challenge criteria, the investment committee of a fund must have a minimum of 30 percent women. EMPEA's 2019 survey indicated that the importance of gender diversity "is growing alongside the body of evidence that gender-balanced management teams across a range of industries tend to perform better than firms with male- or female-dominated leadership."⁴ In addition, more diverse groups of investors are also more likely to invest in women-owned businesses and in companies that promote women-focused products and services.

USAID INVEST and the Women's World Banking Capital Partners Fund II (WWBCP II): Global

The U.S. Agency for International Development Office of Gender Equality and Women's Empowerment (USAID GenDev) has funded activities under the [USAID Invest program](#) to increase commercial investment and empower women as investors. [Women's World Banking Capital Partners Fund II \(WWBCP II\)](#) is a \$100 million blended finance fund that aims to improve women's financial inclusion by leveraging concessional equity to attract commercial investors to invest in women-focused financial services providers in emerging markets, including low-income countries and fragile states. DAI designed a \$500,000 first-loss facility for USAID GenDev that provided catalytic capital to WWBCP II upon successful completion of its capital raise. USAID will couple this financial support with \$100,000 in technical assistance.

Illustrative activities and results: WWBCP II portfolio companies will provide products and services of particular importance to women's financial inclusion, including micro-enterprise finance; small business finance; microinsurance; savings, payments, and remittance services; and specialty finance such as products focused on housing, agriculture, or education.

Additional GLI lenses: Women in Leadership, Women as Investors, Women in the Supply Chain, Women-Focused Products and Services.

Additional Example: The Market Development Programme (MADE) in Nigeria has leveraged women's business associations to serve as points of outreach to their membership to (1) stimulate investment by women-owned businesses in new processing technologies (smoking kilns and palm oil processing) in areas where women could improve their efficiency and competitiveness, and (2) enhance business opportunities in micro-retailing by creating new linkages with the parent companies.

USAID
INVEST

⁴ <https://www.empea.org/app/uploads/2019/05/2019-lp-survey-final-web.pdf>

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Women in the Supply Chain

Considering GLI through the lens of the entire supply chain encourages investing in firms whose business model benefits women entrepreneurs and business owners at higher-value segments of the supply chain. GLI can target sectors where women are more active and may also incentivize firms to identify and build the capacity of women suppliers. As DAI moves away from direct grant funds to partnering with new actors such as transaction advisory firms, one of the challenges is collecting data from firms about their supply chain. For example, DAI may require that a firm provide gender-disaggregated employment information from its partners, but asking a firm how many of its suppliers are women or what percentage of input purchases are from women-run companies is more difficult. GLI that targets supply chains often overlaps with women in leadership and women's access to capital. Therefore, it may require parallel approaches. For example, the WWBCP II investment fund may drive capital to women-owned enterprises but do those enterprises have the supply contracts they need to access finance? DAI takes a systems approach to GLI to consider concurrent efforts in target geographies and sectors to address these interrelated GLI needs.

DaNa – Women's Participation in Agricultural Value Chains: Myanmar

The DaNa Facility is funded by the U.K. Department for International Development (DFID) and provides grants and technical assistance to NGOs and businesses. The project is aimed at improving the business environment in Myanmar, focusing on inclusive economic growth through responsible and sustainable private sector development. DaNa implements activities in three key sectors: agribusiness, financial services, and textiles, each of which embeds crosscutting initiatives (capacity building, training, and so on) related to women's economic empowerment, conflict sensitivity, decent work, and social and environmental sustainability.

Illustrative activities and results: DaNa partnered with Snacks Mandalay, which co-invested in its supply chain and provided farmers with training, information, and advice on modern farming techniques. Its suppliers include women traders and hundreds of farmers in the Mandalay area. Because men outnumber women at high-value points in the supply chains, it is especially important that successful women farmers prove to themselves and to their peers that women farmers can be successful leaders in their community. DaNa uses targeted communications tools to share these success stories.

Additional GLI lenses: Workplace Equity (see "Respectful Workplaces" report [here](#)), Women in Leadership, Women in the Supply Chain, and Women as Investors.

For more information: [Click here](#)

Additional example: The USAID-funded East Africa Trade and Investment Hub (the Hub) supported 391 women cross-border traders and enabled them to secure trade commitments for 17,509 metric tons of staple foods valued at \$5.7 million. Traders participated in Women Cross Border Trader Associations, which provide a forum for women to collaborate, share lessons and take joint action on challenges they face. Check out the [USAID Hub Women Cross-Border Traders Compendium](#) for more information on its work with women traders and associations. The Hub also supported women-led and women-owned businesses through its investment and trade finance facilitation - see Women's Access to Capital - and created 23,807 full time equivalent jobs for women.



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Women-Focused Products and Services

Historically, products and services—especially those in the financial investment sector—have catered principally to men. This lens aims to address this imbalance by focusing on products and services that provide value for women, including in areas where women have traditionally borne the bulk of household responsibilities, such as in providing water, sanitation, and healthcare services. To reach scale, DAI engages with the private sector, co-designs product and service solutions with the people who need them, and employs sustainable business models.

Women for Health (W4H): Nigeria

Through its W4H project, DFID is empowering women as service providers in five states in northern Nigeria. W4H's main strategy for producing, recruiting, and retaining midwives in rural areas is its Foundation Year Programme, which raised funds from rural communities to support women to attend and graduate from a nursing or midwifery training programme and employ them as health workers in their communities.

Illustrative activities and results: Constructed 35 houses to accommodate midwives to support retention in rural areas; enabled 7,500 female students to enroll in midwifery, nursing, and community health extension worker training, with 38 percent of the 1,551 graduates to date employed and working in rural facilities, a 134 percent increase compared to the start of the programme in 2012.

Additional GLI lenses: Workplace Equity, Women in Leadership, Women in the Supply Chain.

For more information: [Click here](#)

Additional example: The WomenConnect Challenge is implemented by DAI under its Digital Frontiers project, funded by USAID in support of the White House-led Women's Global Development and Prosperity (W-GDP) initiative. In its second year of challenge funding, WomenConnect's goal is to bridge the gender digital divide and empower women to fully participate in the global economy. Check out nine market-based solutions WomenConnect awarded in round one here: https://www.womenconnectchallenge.org/round_one



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Women's Access to Capital

The lack of access to capital for women-owned businesses and women-owned funds is a critical issue for GLI. Investments in this area seek to improve financial inclusion for women-owned enterprises and funds. DAI has a long history of supporting access to finance and investment. Our programs often build the capacity of financial institutions and help to de-risk lending to women who have less access to traditional collateral.

Women's Entrepreneurship Development Project (WEDP)

WEDP enables microfinance institutions in Ethiopia to lend more effectively to growing, women-owned businesses in urban areas. WEDP is funded by DFID through its Private Enterprise Programme Ethiopia (PEPE), implemented by DAI. The project provides technical assistance to 12 microfinance institutions (MFIs) and the Development Bank of Ethiopia, leveraging \$45.9 million in lending capital from the World Bank. .

Illustrative activities and results: WEDP provided technical assistance to MFIs in risk management, savings mobilization, strategic planning, individual enterprise lending, cash flow-based loan appraisal, post-loan review, internal audit, and governance. More than 12,000 female entrepreneurs received loans and 66 percent of those women were first time borrowers. Additionally, 16,000 women have participated in business training.

Additional GLI lenses: Workplace Equity, Women in the Supply Chain, Women in Leadership.

For more information: [Click here](#)

Additional example: Under the USAID-funded East Africa Trade and Investment Hub, DAI's partnerships helped close \$12 million in investment in women-owned and women-led businesses; and the Palestinian Market Development Programme included a component dedicated to women and youth employment which stimulated investment in women-owned firms through a targeted grants process (more information published [here](#)).



New GLI players and innovative financing instruments have scaled substantially in the past three years. Two Project Sage reports published by the Wharton Social Impact Initiative document this growth trend, which is not exclusive to impact investing and is driven by investors in OECD markets as much as—or even more than—the development community. But the development community has a great opportunity to engage in GLI as it grows alongside the use of blended finance models.

Four areas stand out as worthy of further research, collaboration, and investment.

1. Concerted effort needs to be made to increase the gender diversity of investment team and the value of investment in first time female fund managers. A 2019 IFC report, *Moving Toward Gender Balance in Private Equity and Venture Capital*, found that “private equity and venture capital funds with gender-balanced senior investment teams generated 10 percent to 20 percent higher returns compared with funds that have a majority of male or female leaders.” At the same time, women represent only 10 percent of senior positions in private equity and venture capital firms globally. Women are entering the field as first-time female fund managers, but investors and development finance institutions are often not willing to invest in first-time fund managers.
2. Gender inequity intersects with other aspects of inequality, including those related to race, sexuality, ability, age, social class, caste, appearance, marital status, or citizenship. GLI lenses require deeper analysis if we are to address these overlapping dynamics in a comprehensive way.
3. Gender inequity combines with the pervasive challenges of SME investment in frontier markets to disproportionately affect women. Women-run businesses are smaller on average so the constraints to investment in SMEs in developing markets will particularly restrict women’s access to capital. Collateral is an acute issue for women who do not inherit land from their families. Lack of property puts women at a disadvantage vis-à-vis men because they have no asset against which risk can be measured and reduced.
4. Requiring that investments meet minimum GLI criteria raises concerns for some investors. On one hand, there is a perceived opportunity cost of excluding investments that do not meet GLI criteria. On the other hand, collecting gender data may also add costs to a firm or fund manager. As a result, some funds do not disclose their gender mandates to all investors or do not adopt strict GLI requirements during due diligence or performance monitoring. This is a great opportunity for donors to support the upfront costs of establishing a GLI fund and to encourage more firms to report GLI data. The USAID Invest project is designing this type of technical assistance to support GLI investors and fund managers.

DAI is committed to advancing gender equity throughout its work and has a strong internal commitment to GLI. We are equally committed to leveraging development funding from our donor clients through innovative partnerships with the private sector and investors. GLI sits squarely at the intersection of these two commitments, with trends going in the right direction and increasing opportunities to apply GLI tools and frameworks across our portfolio.

DAI’s Internal Commitment to GLI

DAI is an employee-owned company that has promoted gender equity in its leadership, workforce, and corporate investments. Starting at the top, the Chair of DAI’s Board of Directors is one of four women on DAI’s seven-member board. Its Senior Leadership Team has 15 women (40 percent), including the Senior Vice President for Global Strategy; Senior Vice President, U.S. Government Business Unit (DAI’s largest business unit); and Vice President, Technical Services. In addition to assigning women top leadership roles, DAI attracts and retains women talent by offering competitive benefits, including flexible paid maternity and paternity leave, flexible work schedules, home office and field leadership opportunities, mentorship and coaching, and a strong commitment to ethics and anti-harassment.

This paper was co-authored by Kirsten Pfeiffer, Senior Global Practice Specialist at DAI, and Dipa Sharif, investment and finance consultant. Ms. Pfeiffer is a private sector development and agriculture market systems specialist who had designed and led USAID-funded activities. Ms. Sharif is the co-founder of the Women Impact Investment Network (WIIN) and has worked for both donors and investors on innovative financing models.

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