

# HOW TO INVEST WITH A GENDER LENS

A guide for investors in emerging markets

July 2020

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## ABOUT INVESTING IN WOMEN

Investing in Women (IW), an initiative of the Australian Government, catalyses inclusive economic growth through women's economic empowerment in South East Asia. Investing in Women uses innovative approaches to improve women's economic participation as employees and as entrepreneurs in the Philippines, Indonesia, Vietnam, and Myanmar through:

- **Workplace Gender Equality (WGE)** – We support Business Coalitions who work with influential businesses on shifting workplace cultures, practices and policy barriers to achieve WGE;
- **Impact Investment for Women's SMEs** – We partner with Impact Investors and ecosystem builders to expand market opportunities for women, with a view to incentivising and catalysing access to capital for small and medium enterprises (SMEs) led by and responsive to the needs of women; and
- **Influencing Gender Norms** – We work with partners to positively shift attitudes and practices to support women in the world of work.

In collaboration with corporations and business leaders, impact investors, entrepreneurs and advocates, IW works with those who are driving change for women's economic equality in our region.

## ABOUT VALUE FOR WOMEN

Value for Women (VfW) is a women-led global social enterprise that works closely with partners to design and implement research, technical assistance programs, evaluations, tools and blended capacity-building initiatives in Africa, Asia and Latin America focused on impact investing and the small and medium enterprise (SME) space. VfW helps organizations to advance gender inclusion. We believe that women are key drivers of economic and social growth, and that women's inclusion is essential for better business outcomes. We identify and test new solutions that foster inclusion while unlocking the powerful economic potential that women hold. Specifically, we support investors seeking business and social returns in diverse sectors, such as finance, agriculture, and clean energy by providing research and technical advisory support.

This guide has been funded by **Investing in Women**, an initiative of the Australian Government through the Department of Foreign Affairs and Trade that catalyses inclusive economic growth through women's economic empowerment in South East Asia. The views expressed in this publication are the authors' alone and are not necessarily the views of the Australian Government.

# PREFACE FROM INVESTING IN WOMEN

Through blended financing mechanisms, *Investing in Women*, an initiative of the Australian government, supports investors to expand access to capital for women's SMEs in South East Asia. In the time of COVID-19, we are doubling down on efforts to grow the field of gender lens investing, which offers new sources of economic dynamism, risk mitigation, resiliency, and untapped opportunities in the challenging market environment. Unfortunately, the field is largely starved for capital and remains fragmented. Much more needs to be done. At the same time, minimum standards of performance are lacking, so efforts to help shape the integrity of what it means to invest with a gender lens are welcome.

This How To Guide makes an important contribution to our industry work by providing practical tools and resources for an investing community that urgently needs to address its diversity and inclusion deficits. Globally, awareness of gender lens investing continues to gain momentum, but we must convert this awareness to action and movement of capital, especially during this period of COVID-19 response and recovery. Thus, *how* fund managers invest is just as important as *what* they invest in. This perspective not only demands a technical approach (gender analysis, tools, and frameworks), but also broader organizational re-alignment (gender mainstreaming). This internal process is an essential part of creating external change and outcomes that advance gender equality.

Investing with a gender lens entails varying degrees of **organizational change management** informed by gender analysis of investment activities and work culture. This process begins with organization buy-in that translates into strategic and systematic action, potentially supported by external expertise. Such an approach involves focal person(s) at the senior level, gender inclusive policies, incentive structures for staff, relevant data/metrics to track performance, and meaningful resources necessary to ensure accountability of gender inclusiveness.

Gender lens investing (as viewed from this management process) seeks to broaden the ways in which gender shapes an understanding of risk, return, and opportunity costs. The evidence is clear that gender equality will lead to better financial and social outcomes. Wherever you are on your gender lens investing journey, we hope this guide provides you with an impetus to begin or deepen your practice. Experiment and shift from unintentional to intentional gender lens. Don't wait for an ideal time or perfect approach, but be committed to organizational change over the long haul.

**Dr Julia Newton-Howes**  
CEO, Investing in Women  
June 2020

# INDEX

<b>1</b>	Who is this Guide for and what does it set out to do?
<b>3</b>	What is Gender Lens Investing?
<b>5</b>	A Framework for Gender Lens Investing
<b>7</b>	Why invest with a gender lens?
<b>12</b>	Provide capital with a gender lens
12	Decide which gender lens to apply
15	Define what women-led businesses or gender forward businesses mean for the investment firm
16	Identify women-led and gender forward businesses already in the portfolio
16	Develop a strategy for allocating capital with a gender lens
<b>17</b>	How to apply a gender lens across the investment process
19	Deal Origination & Screening: Identify opportunities for gender lens investing
22	Due Diligence & Evaluation: Apply a gender lens to evaluation decisions
24	Structuring & Negotiation: Set gender-related milestones
25	Post (pre)-deal engagement: Influence and support portfolio companies to apply a gender lens
26	Exit & Measurement: Build the business case for GLI through data and assign appropriate expectations for gender lens investing
<b>29</b>	How to advance gender diversity across the investment firm
<b>33</b>	Contribute to Building the Gender Lens Investing Field
<b>34</b>	Moving Forward
<b>35</b>	Annex 1: Gender lens Investing Resources for Investors

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# WHO IS THIS GUIDE FOR AND WHAT DOES IT SET OUT TO DO?

This Guide was developed for impact and mission-driven investors (“Investors”) operating in emerging markets to provide concrete, practical pathways for investing with a gender lens. The adoption of Gender Lens Investing strategies amongst investors in emerging markets in turn increases the amount of capital deployed towards women-led and gender inclusive businesses. Specifically, this Guide offers pathways for investment professionals, limited partners (LPs) and general partners (GPs) at impact and mission-driven Venture Capital (VC) and Private Equity (PE) firms that are investing in small and medium-sized enterprises (SMEs). Other actors that may also find the Guide useful are limited partners (LPs), asset managers, foundations, family offices and development finance institutions (DFI) that are providing capital to SMEs in emerging markets (Please see Figure 1: Who is this Guide for?). While the investor

examples and data presented in the Guide originate from Investing in Women partners and countries of focus, the lessons learned apply broadly to investors operating in emerging markets.

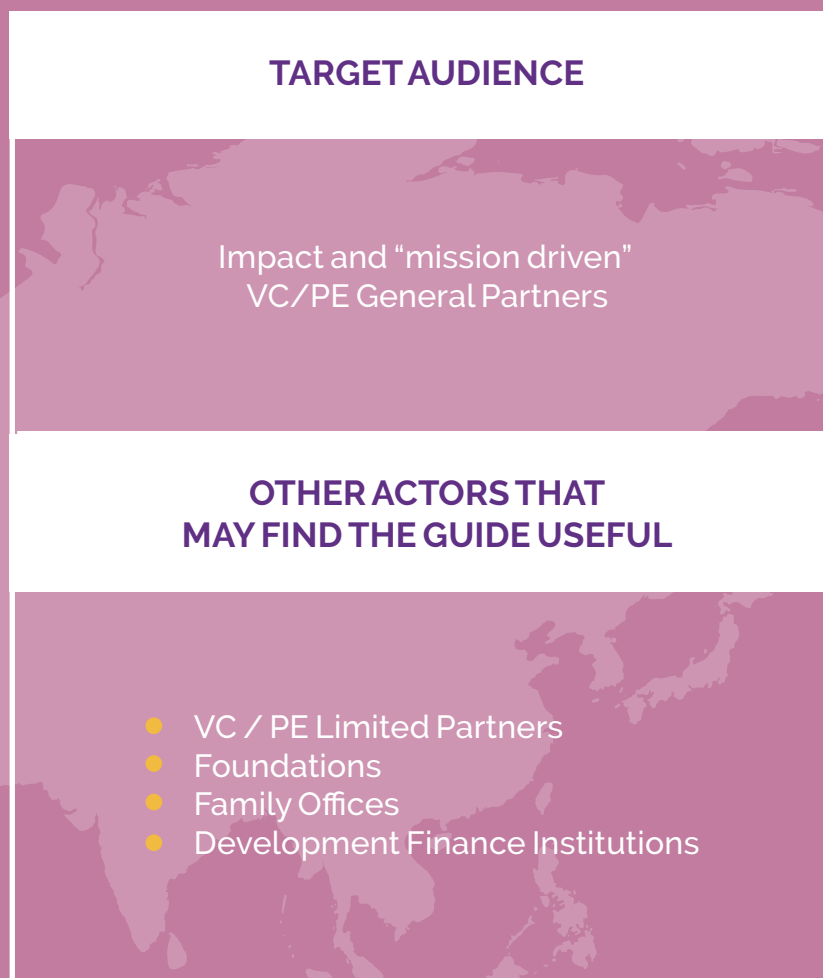
There is no singular or linear path to investing with a gender lens, and there is no single ‘one-size-fits-all’ approach to meet the needs and theses of all investors. With that in mind, the Guide outlines various options for investing with a gender lens. We know that gender lens investing is not an “all-or-nothing” scenario. There are multiple ways to integrate progressive practices, including ways that are not resource-intensive. This Guide outlines entry points for investors at any point in their gender lens investing journey and provides various options for decisive actions that can be taken at any stage of the investment process.

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<sup>1</sup> Investors for the purposes of this report are being defined as investing firms that a) make direct investments in companies; b) have positive social or environmental impact as an explicit objective; and c) have an expectation of a financial return. This narrowed definition enables us to focus on specific segments of the investing industry. While organizations investing in project finance such as Development Finance Institutions (DFIs) can use this guide, they are not the main audience.

There is no single prescribed starting point. Investors can customize their approach to getting started and/or to deepen their involvement. The Guide builds on – and contributes to – a rapidly growing body of knowledge shared within the fields of gender lens investing and development, and is intended to spur action and learning. Recognizing that new resources are continually emerging, this Guide delves into the “how” of gender lens investing and is designed to complement the work of our partners and colleagues cited throughout this paper.

**Figure 1:** Who is this Guide for?



# WHAT IS GENDER LENS INVESTING?

Gender lens investing is the **deliberate incorporation of gender factors into investment analysis and decisions to improve social<sup>2</sup> and business outcomes. More specifically, for the purpose of this Guide, gender lens investing refers to the actions and processes that investors develop to intentionally invest in businesses and/or solutions that are:**



led by women





provide **products and services** that intentionally seek to close gender gaps or that are designed to meet the specific needs of women or girls;

promote **gender diversity** in the workforce through the implementation of progressive internal policies and practices, and strengthen the way business models reflect inclusion and diversity across operations; and/or

provide specific support and opportunities for **women and women-led businesses (WLBs) in their value chain** (e.g. women sales agents, distributors and suppliers).

<sup>2</sup> For example, increased female labor force participation, prevention and attention of violence against women, reduction of gender pay gaps.  
<sup>3</sup> Developed by Value for Women based on the definition found in: Anderson, J., Miles, K. (2015). *The State of the Field of GLI. A Review and a Roadmap*. Criterion Institute.

Figure 2: Gender Lens Definitions

GENDER LENS	WHAT DOES IT MEAN?
 <p data-bbox="485 584 791 613"><b>Women-led businesses</b></p>	<p data-bbox="943 517 1394 689">Businesses that are majority owned by women, led by women, and/or have a significant portion of women on the Board (Please see the Women-led Business Definition section below).</p>
 <p data-bbox="456 813 820 1003"><b>Provide products and services that intentionally seek to close gender gaps or that are designed to meet the specific needs of women or girls</b></p>	<p data-bbox="943 801 1378 1010">Businesses that are focusing on promoting gender equality and/or delivering products or services relating to women's health; labour-saving technologies or devices; or learning tools to improve the skills and capabilities of women.</p>
 <p data-bbox="533 1182 743 1240"><b>Gender diversity in the workforce</b></p>	<p data-bbox="943 1099 1390 1330">This refers to the presence of women in the staff and leadership of the company, as well as the policies and practices that support gender diversity throughout the human resources cycle from recruitment and promotion to talent retention and workplace culture.</p>
 <p data-bbox="488 1473 788 1563"><b>Women and women-led businesses in value chains</b></p>	<p data-bbox="943 1420 1390 1592">This is about the company's sourcing and distribution i.e. is the company making an effort to source from women producers or to distribute their products through women-led companies or women sales agents.</p>

The process of investing with a gender lens requires investment firms to look internally, at both their capacity to invest with a gender lens and to promote gender diversity within their own workforce, as well as externally, at how they can apply a gender lens to their investment decision making.



This section introduces a framework for Gender Lens Investing. Subsequent sections of the Guide delve into why and how investors can apply a gender lens to their investment activities and within their firm.



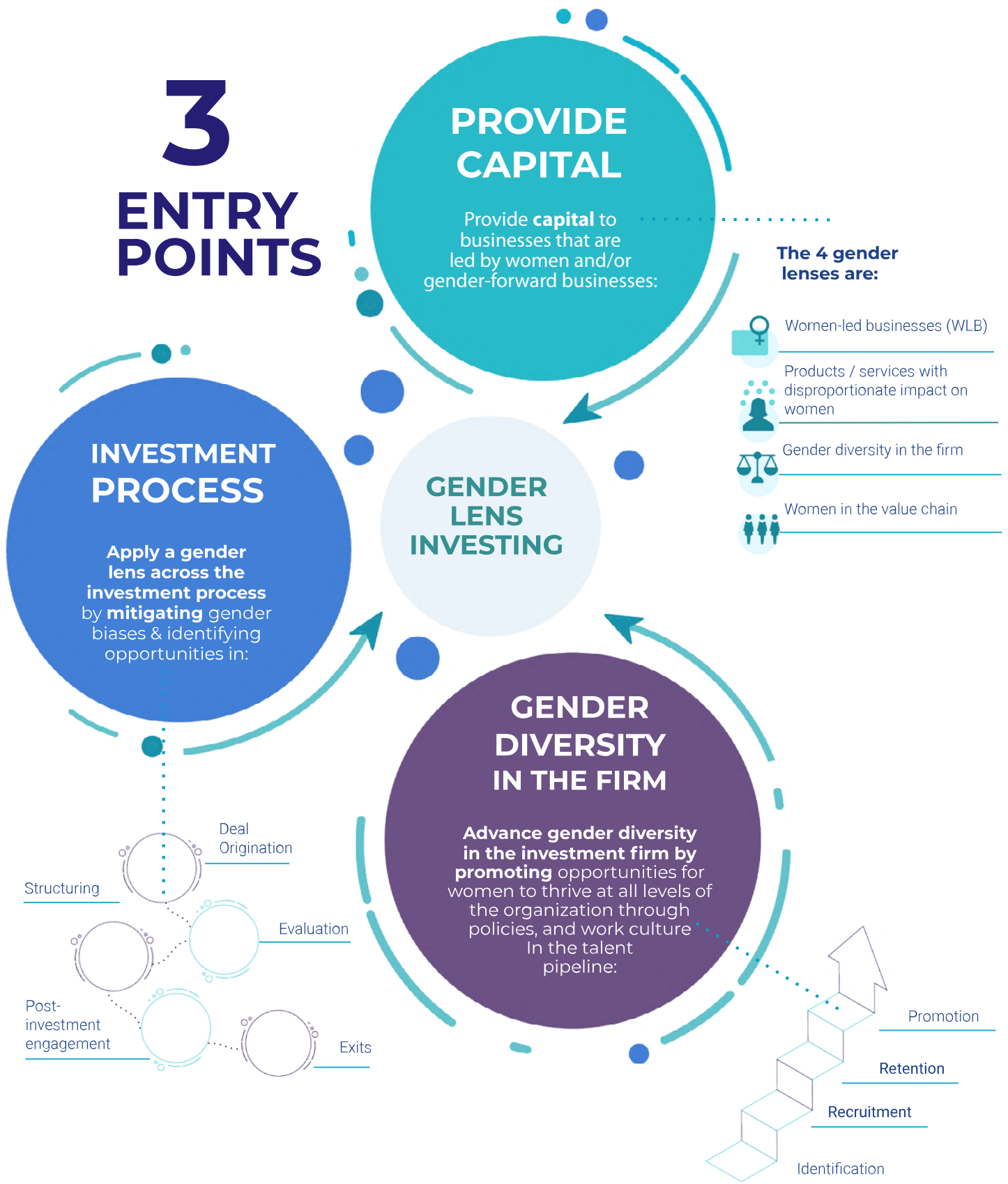
## A FRAMEWORK FOR GENDER LENS INVESTING

The Gender Lens Investing Framework encapsulates the definition outlined above into three entry points for investors:

- Providing capital to women-led and gender-forward businesses
- Applying a gender lens across the investment process
- Advancing gender diversity in the investment firm (See Figure 3 below)

Because there is no “one-size-fits-all” approach, investors can use these actions as a reference and adopt all or a hybrid depending on their starting points, motivations, and objectives. Further to that, investors can add more elements incrementally to steadily increase their gender inclusion practices and gender impacts.

Figure 3: Gender Lens Investing Framework



# WHY INVEST WITH A GENDER LENS?

Gender lens investing has gained significant traction in recent years. This is in part due to increasing evidence that demonstrates the financial benefits of taking a gender lens approach, as well as of the recognition that these returns can also lead to a positive impact on the lives of women and girls.

## **Investing in women makes smart economics:**

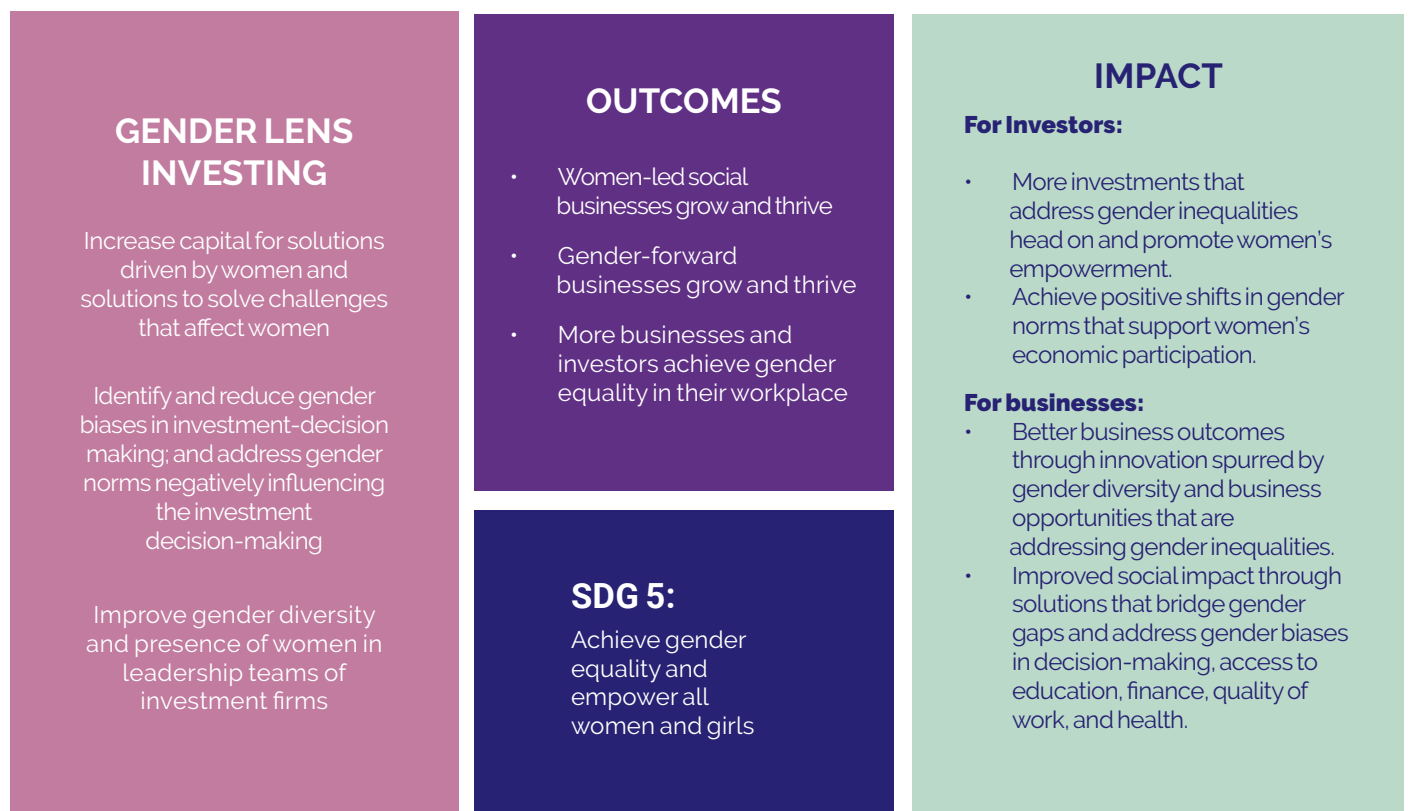
Gender lens investing can lead to more innovative solutions driven by women as well as solutions that solve the unique needs of women. Further, gender lens investing can help investors identify profitable investment opportunities they may not otherwise see and support investees in applying a gender lens within their businesses to ultimately

enhance their profitability. In other words, investors risk leaving money on the table when they don't consider gender.

**Gender lens investing plays a critical role in achieving Goal 5 of the Sustainable Development Goals (SDGs) – achieving gender equality and empowering all women and girls:** In turn, gender equality and women's empowerment serve as important preconditions for achieving the other 16 SDGs.

In sum, gender lens investing is becoming more widely understood as “just good investing”.<sup>4</sup>

**Figure 4:** Why invest in gender lens?



<sup>4</sup>Kumbuli, N., Moran, L., Pryce, J. (2018). Just good investing: Why gender matters to your portfolio and what you can do about it. Calvert Impact Capital.

More solutions are needed to solve challenges that disproportionately affect women

Globally and in South East Asia, women experience numerous and compounding forms of inequality and discrimination that negatively impact their ability to fully realize their potential compared to their male counterparts.

**Gender gaps in access to finance persist**

In Indonesia and Vietnam, only **23%** and **29%** of **women-led firms** have bank loans or lines of credit compared to 29% and 44% for firms led by men, respectively.

**Women do a disproportionate amount of unpaid care and domestic work**

The value of **women's unpaid work** in the Philippines (e.g. childcare, eldercare and house chores) makes up **20%** of the country's GDP. This leaves women with **less time** to grow their businesses, seek and obtain quality jobs, and grow professionally.

**As the nature of work changes due to new technologies, women stand to lose more jobs than men**

Women stand to **lose 5 jobs** compared to only 3 for men for every job gained globally.<sup>5</sup>

**While women have achieved gender parity in education, they continue to be underrepresented in high-growth STEM careers**

For example, in Singapore, only **19%** of cloud computing, **27%** of engineering, and **33%** of data and AI **professionals are women.**<sup>6</sup>

**Women are differently and disproportionately affected by pandemics, economic crises and natural disasters**

Women's caregiving burdens become more intense during **health crises**; women are more vulnerable to economic shocks and are more likely to lose incomes during economic insecurity and crisis. This can lead to risky income generating behaviours and violence against women is often exacerbated during isolation and lockdowns.

**Gender norms in South East Asia are holding back women's professional advancement and business growth**

**70%** of job postings in Vietnam that explicitly mention a **preference for the sex** of the candidate specify the role is more suitable for **men.**<sup>7</sup>

<sup>5</sup> World Economic Forum (2017). *Accelerating Gender Parity in the Fourth Industrial Revolution An Agenda for Leaders to Shape the Future of Education, Gender and Work*. WEF. Available at: [http://www3.weforum.org/docs/WEF\\_EGW\\_White\\_Paper\\_Gender\\_Parity\\_4IR.pdf](http://www3.weforum.org/docs/WEF_EGW_White_Paper_Gender_Parity_4IR.pdf)

<sup>6</sup> World Economic Forum (2019). *Global Gender Gap Report 2020*. WEF. Available at: [http://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](http://www3.weforum.org/docs/WEF_GGGR_2020.pdf)

<sup>7</sup> Navigos Search and International Labor Organization (2015). *Gender Equality in Recruitment and Promotion in Viet Nam*. Policy Brief. 2015.

**Gender gaps lead to market opportunities**

While data is not available to quantify all market opportunities, investors in East Asia stand to gain from investing in businesses that seek to rectify the gender gaps mentioned above.<sup>8</sup>

<p><b>Closing gender gaps</b> in access to finance is a trillion dollar opportunity</p>	<p>The finance gap for women-led MSMEs in East Asia totals <b>\$2.3 trillion</b>. In Indonesia and Vietnam, the finance gap for women-led SMEs is <b>\$26.1 billion</b><sup>9</sup></p>
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<p>Global funding for Femtech in <b>2018</b> had increased to <b>\$392 million</b><sup>10</sup></p>	<p><b>Femtech presents an opportunity</b> for businesses focused on solving women's health needs</p>
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<p><b>Investors can fund care economy solutions</b> that address gender inequalities related to paid and unpaid care and domestic work</p>	<p>If <b>2%</b> of GDP were invested in the healthcare sector, nearly <b>24 million new jobs would be created in China, 11 million in India, and close to 2.8 million in Indonesia</b><sup>11</sup></p>
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<sup>8</sup> In this section, references are made to East Asia and MSMEs as opposed to South East Asia and SMEs, based on the availability of data in the respective reports and databases.

<sup>9</sup> SME Finance Forum. MSME Finance Gap Database. Accessed: January 27, 2020. Available at: <https://www.smefinanceforum.org/data-sites/msme-finance-gap>

<sup>10</sup> Olsen, D. (2018). *This year is setting records for femtech funding*. Pitchbook.

<sup>11</sup> De Henau, J; Himmelweit, S and Perrons, D. (2017). Investing in the Care Economy – *Simulating employment effects by gender in countries in emerging economies*. International Trade Union Confederation.



## Gender Diversity in Leadership and in Teams is **Good for Business**

Global evidence shows how gender diversity in the workplace across all levels and departments improves business performance and value across a range of metrics.

### Gender diverse enterprises show higher returns

**Gender diverse firms in East Asia had an 18% increase in internal rate of return (IRR) relative to the median.** Similarly, VC/PE funds managed by gender-balanced teams outperformed firms dominated by women or men across emerging market geographies in terms of total-value to paid-in multiples as well.<sup>12</sup>

### More women in leadership leads to better results

Calvert Impact Capital found that companies with the highest percentages of women in leadership positions had 18.1% ROS, 3.9% ROA, and 8.6% ROE compared to -1.09%, 0.3%, and 4.4% respectively for companies with fewer women in leadership positions.<sup>13</sup>

### Gender diverse workforces improve business performance

Gender-balanced teams (defined as having a male-to-female ratio of between 40% and 60%) can improve business metrics such as employee engagement, brand awareness, and client retention.<sup>14</sup>

<sup>12</sup> International Finance Corporation (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital*.

<sup>13</sup> Kumbuli, N., Moran, L., Pryce, J. (2018). Just good investing: *Why gender matters to your portfolio and what you can do about it*. Calvert Impact Capital

<sup>14</sup> See for example: Woolley, A. et al. (2010). Evidence from a Collective Intelligence Factor in the Performance of Human Groups. *Science* 330.6004 (2010): 686-688. Available at: <http://science.sciencemag.org/content/330/6004/686.long>; Sodexo (2018). Sodexo's Gender Balance Study 2018: *Expanded outcomes over five years*. Sodexo Operations, LLC. Available at: [https://www.sodexo.com/files/live/sites/sdxcom-global/files/PDF/Media/2018\\_Gender-Balance-Study\\_EN.pdf](https://www.sodexo.com/files/live/sites/sdxcom-global/files/PDF/Media/2018_Gender-Balance-Study_EN.pdf)

## Solutions driven by women require more investment

Women-led enterprises that are driving solutions and impact would certainly benefit from greater investment. By excluding women's voices from decision-making, investors may be missing solutions and opportunities – particularly those that could improve women and girls' lives.

### FEW WOMEN-LED ENTERPRISES ARE RECEIVING VC AND PE CAPITAL

**Only 9% of VC and PE funding in East Asia  
goes to women-led firms.<sup>15</sup>**

Applying a gender lens to investment decision making can help ensure that capital reaches WLB.

### FEW INVESTMENT PROFESSIONALS ARE WOMEN

**Only 7% of senior investment professionals  
in East Asia are women.<sup>16</sup>**

If women are not a part of the solutions of the 21st century, then it is likely that these solutions will not be as effective at resolving the challenges faced by women and women will be inhibited from reaching the leadership of these industries.

<sup>15</sup> International Finance Corporation (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital*. IFC.

<sup>16</sup> International Finance Corporation (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital*. IFC.

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# PROVIDE CAPITAL WITH A GENDER LENS

**Words matter, as a prelude to effective action.** The very first step towards building a portfolio with a gender lens is to make a commitment to do so. Investors can formalize their commitment by making a gender lens explicit in their vision and mission statements, and values. When embarking on a gender lens investing journey, it is important to decide which gender lens to apply, how to define key terms such as ‘women-led business’, analyse how the investment portfolio currently performs, and develop a strategy for allocating more capital to these enterprises. This section offers guidance on how investors can act on each of these issues.

## DECIDE WHICH GENDER LENS TO APPLY

To develop a gender lens investing strategy, investors can define gender lens investing priorities and validate their alignment with the investment thesis of the firm. Some questions to guide this decision-making process include:<sup>17</sup>

### **Who do we want to impact?**

Women have diverse needs, challenges, aspirations and opportunities depending on a variety of factors including their socioeconomic background, cultural context, size of business and sectors in which they work. Investors can think through which target populations they want to reach with their investments and within the firm being invested into.

### **What impact do we want to have?**

Investors can consider the gender dynamics and culture of the relevant markets and identify priority inequalities they want to address. This includes focusing on a problem that needs to be solved urgently. Further, not all gender lenses have the same potential for change nor are they relevant for all investors or circumstances. For example, investors focused on supporting technology companies may find that most businesses are led by men, but have few suppliers and distributors. In this case, focusing on supporting WLBs will be more relevant and impactful than focusing on value chains.

These questions can help investors consider how the different gender lenses can help them achieve the impact they want to have.

<sup>17</sup> Adapted from Biegel, S. (2019). *How to Invest for a Gender Equitable World: A 15-Step Guide*. Duke Fuqua Case. Available at: <https://centers.fuqua.duke.edu/case/2019/06/12/how-to-invest-for-a-gender-equitable-world-a-15-step-guide/>



**Figure 5:** What type of gender lens to apply?

GENDER LENS	EXAMPLES
 <p><b>Women-led businesses</b></p>	<p>Patamar Capital's Investing in Women fund focuses on early-stage investments in Indonesia, Vietnam and the Philippines. It plans to make <b>6-8</b> direct investments of between <b>\$200,000</b> and <b>\$300,000</b> in women-led businesses at the seed or pre-Series A stage.</p>
 <p><b>Products and services with disproportionate impact on women and girls</b></p>	<p>In January <b>2020</b>, the <a href="#">Impact Investment Exchange (IIX)</a> closed the <a href="#">second US\$12 million Women's Livelihood Bond</a> that will provide capital for impact enterprises and microfinance institutions to grow their businesses and scale social impact. The MFIs empower underserved women by providing them with access to microcredit, microsavings and microinsurance products.</p>
 <p><b>Gender diversity in the workforce</b></p>	<p>SEAF Women's Opportunity Fund is designed to offer a range of financing options, including mezzanine debt, for WLB but it also uses an assessment scorecard to screen each investment opportunity along six gender vectors:</p> <ol style="list-style-type: none"> <li><b>1. Pay equity</b></li> <li><b>2. Workforce participation</b></li> <li><b>3. Benefits &amp; professional development</b></li> <li><b>4. Leadership &amp; governance</b></li> <li><b>5. Workplace environment</b></li> <li><b>6. Women-powered value chains</b></li> </ol>
 <p><b>Women and women-led businesses in value chains</b></p>	<p>Root Capital uses a blended finance approach to support clients with grant funding (alongside their loans) that specifically targets activities designed to improve clients' gender inclusion practices for the workforce, leadership of cooperatives or producers who supply supported agribusinesses.</p>

## In Focus: Assessing the ability to influence companies to apply a gender lens<sup>18</sup>

As a precursor to deciding which gender lens investing actions investors want to take, it is important to set realistic expectations depending on the type of capital they are investing. In order to define their ability to influence companies to apply a gender lens, investors can use the [Calvert Impact Capital Gender Equity Investing Framework](#) to ask themselves the following questions:

- What kind of capital do we have?**  
 An investor’s influence regarding gender issues will depend on the type of investment vehicle they are employing.
- Where is the capital housed?**  
 This mainly determines the legal, operating, and regulatory realities surrounding the capital and how much direct or indirect influence they can have over an investment.
- How much do we have?<sup>19</sup>**  
 The size of the capital pool to be invested also matters, because the ability to influence deeper and wider change increases in-line with the size of the assets.

### Calvert Impact Capital Gender Equity Investing Framework: Private Capital Markets

	DEBT		EQUITY	
	Intermediary	Direct	Intermediary	Direct
	Intermediary	Direct	Intermediary	Direct
Inv. Vehicle Examples	<ul style="list-style-type: none"> <li>Note, Structured Fund</li> <li>Direct Loan</li> </ul>		<ul style="list-style-type: none"> <li>Equity Fund</li> <li>Direct Investment</li> </ul>	
Ease of Use	Medium	Difficult	Medium	Difficult
Ownership and Influence	Medium	Medium	High	High
Value to Investee	Scale Capital		Strategic Capital	
GENDER OUTCOMES				
Governance and Workplace Equity	Require Change		Influence change over time	
Strategy and Business Model	Influence gender-inclusive strategies throughout the organization’s value chain		Embed gender-inclusive strategies throughout the organization’s value chain	
Impact on End Clients	Indirect		Direct	

<sup>18</sup> This section developed based on: Kumbuli, N., Moran, L., Pryce, J. (2018). Just good investing: *Why gender matters to your portfolio and what you can do about it*. Calvert Impact Capital.

<sup>19</sup> Kumbuli, N., Moran, L., Pryce, J. (2018). Just good investing: *Why gender matters to your portfolio and what you can do about it*. Calvert Impact Capital.

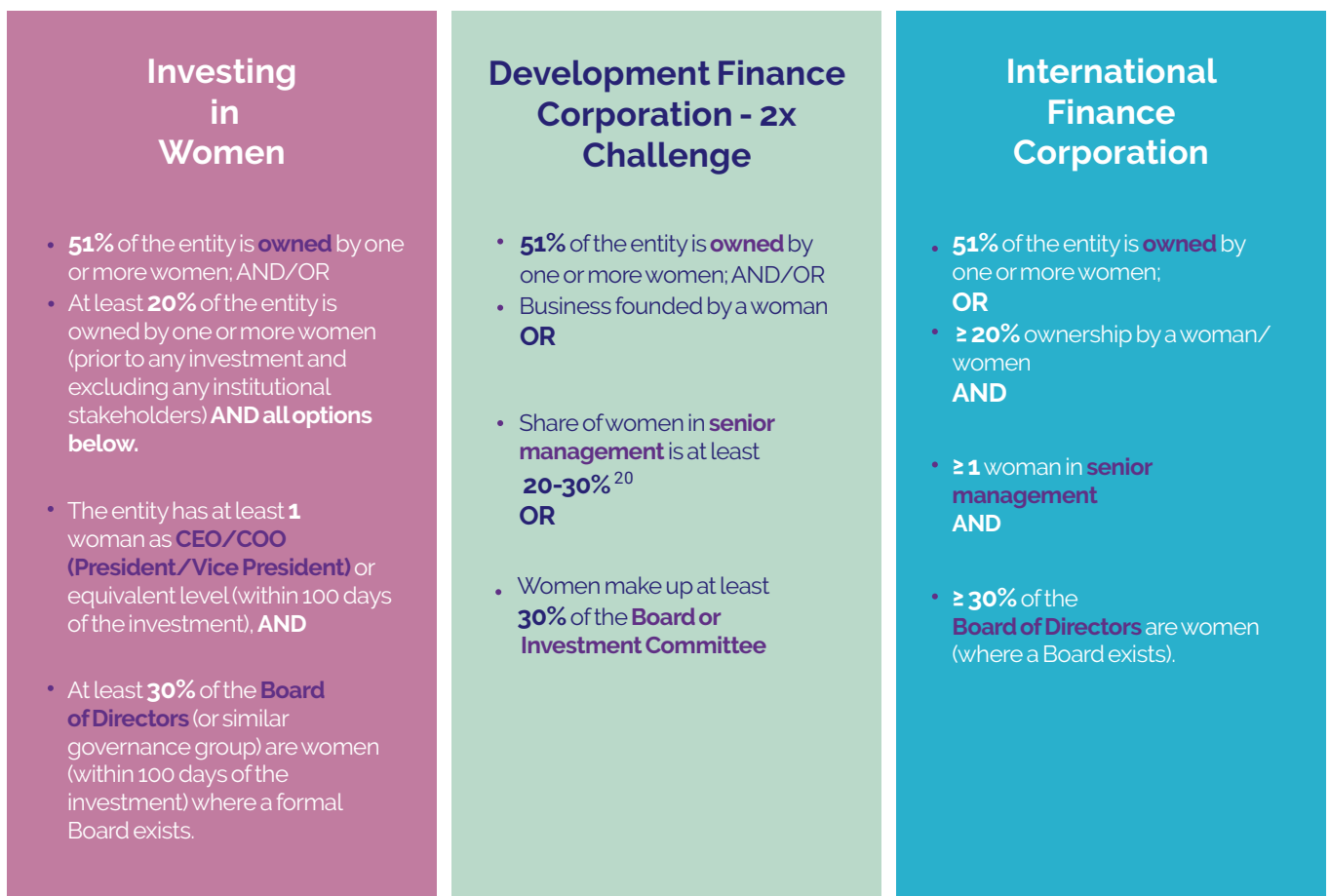
# DEFINE WHAT WOMEN-LED BUSINESSES OR GENDER FORWARD BUSINESSES MEAN FOR THE INVESTMENT FIRM

To develop baselines and diagnose gender gaps and opportunities throughout the investment cycle, **investors should look to crystallize their own definition for a women-led business and/or gender forward business.** Value for Women recommends that investors align their women-led business definitions with those of other development finance institutions. Further, investors can align their gender-forward business definition to the one outlined below.

## Women-led Business Definition

Donors and DFIs have differing definitions for WLB. Generally speaking, the term “women-owned” is used by DFIs to identify firms majorly owned by women. Similarly, “women-led” is used for firms that have women in key decision-making positions (e.g. CEO, president, general manager). The goal is to identify firms where women are actively involved in leadership and decision-making. Some of the most prominent DFI definitions for WLB are outlined in Figure 6 below including the definition employed by Investing in Women. Investors can seek to align with at least one of these definitions and, at a minimum, be able to identify women-owned firms or firms that have at least 1 woman as CEO/COO (President/Vice President) or other such position of equivalent level.

**Figure 6: Women-led business definitions criteria for selected international development institutions**



<sup>20</sup> 2x Challenge thresholds for sectors are “Low: Infrastructure, Power, Telecoms (>20%); Medium: Financial Services, Manufacturing; Agribusiness & Food, Professional; Services, Consumer Services (>25%); High: Healthcare and Education (>30%).

# Gender forward business definition

Value for Women defines a “gender forward business” as one that:

- 1 Intentionally seeks to rectify gender inequalities by providing products and services that close gender gaps or meet the needs of women and/or girls
- 2 Supports gender diversity through internal policies and practices in the workforce
- 3 Strengthens inclusion and diversity across the value chain

According to this definition, a **gender forward business must have gender lens intentionality and meet at least one gender lens criterion described in Figure 7 below.**

**Figure 7:** Gender Forward Business Criteria

GENDER LENS INTENTIONALITY	GENDER LENS FOCUS
<ul style="list-style-type: none"><li>• The business has a mission or objective explicitly focused on <b>promoting women's well-being and/or gender equality</b> (gender transformative); AND/OR</li><li>• The business has an explicit strategy <b>targeting women, girls, or gender equality.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Product or service</b> that specifically benefits women.</li><li>• <b>Business model</b> that provides specific opportunities for women <b>in the value chain</b> or benefits women in the value chain (e.g. hires).</li><li>• <b>Business provides</b> at least one “<b>quality indicator</b>” beyond compliance.<sup>21</sup></li></ul>

## IDENTIFY WOMEN-LED AND GENDER FORWARD BUSINESSES ALREADY IN THE PORTFOLIO

Once investors have settled on their definitions, they can look at their existing pipeline and portfolio to identify how many WLBs are present. The goal of this exercise is to analyse the gendered composition of the portfolio and identify pain points where women seem to be getting excluded from the pipeline. For example, women may not be applying for financing, which may point to issues with the way investment opportunities are being disseminated and communicated. The same can be done for gender forward businesses.

## DEVELOP A STRATEGY FOR ALLOCATING CAPITAL WITH A GENDER LENS

To reduce gender gaps in funding for WLBs and gender forward businesses, investors can create or allocate specific funds for gender lens investing. Without additional allocations of capital and funds for gender lens investing, investors will find it difficult to achieve increased impact. For example, Investing in Women is promoting women and gender lens investing in the impact investing space and incentivizing investment managers to adopt a gender lens mandate via the provision of blended finance for investors that are creating new WLB focused funds (**Please see In Focus: SEAF Women's Opportunity Fund**).

<sup>21</sup> Definition based on 2x Challenge Criteria. 2x Challenge Criteria defines this as A policy or program, beyond those required for compliance, addressing barriers to women's quality employment (e.g. wage inequity, lack of child care, discrimination / harassment), with evidence of implementation or a commitment to implement.

# HOW TO APPLY A GENDER LENS ACROSS THE INVESTMENT PROCESS

This section outlines a series of actions and policies that can help investors identify and mitigate gender-based risks and biases, as well as discover new business and social impact opportunities. Actions along the investing process include those related to investors' gender diversity in the workplace, since this covers **who** is making the decisions and **how** investors come to make those decisions.

There are multiple activities that investors can undertake in adopting a gender lens. These activities have been categorised in accordance with:

- a) anticipated timeline to design and implement; and
- b) the approximate estimated level of financial and human resources required to conceptualize, develop and implement these actions.

See Figure 8 for an explanation of each category.

**Figure 8:**  
Gender Lens Activities - Anticipated Timescale and Level of Effort<sup>22</sup>

## Anticipated Timescale

**Quick win:** **less than 3** months from beginning to end.

**Medium-term (M - T):** **3-12** months from beginning to end.

**Long-term (L-T):** can take **months or years** to come to fruition.

## Level Of Effort / Estimated Financial Costs

**\$ No cost:** less than **USD 1,000** and two days of employee **full time equivalent** (FTE).

**\$\$ Low cost:** between **USD 1,000 and/or USD 10,000** and **2-5** days of employee FTE per year.

**\$\$\$ Medium cost:** between **USD 10,000 and USD 50,000** and/or **5 to 50** days of employee FTE per year. May require external counsel or advisory services.

**\$\$\$\$ High cost:** above **USD 50,000** and/or above **50** days of employee FTE per year. Requires external counsel or advisory services.

<sup>22</sup> These estimates were developed based on previous experience and data collected by Value for Women.

Figure 9: Applying a Gender Lens to the Investing Process

# Apply a gender lens across the investment process

Mitigate gender biases and identify opportunities in:

## 2 EVALUATION / DUE DILIGENCE:

Apply a gender lens to evaluation decisions

- Address gender-based risks and opportunities in due diligence processes
- Add specific sections or mentions regarding gender to the investment memo template
- Award additional points for WLBs or gender forward business
- Diversify the investment selection committee
- Identify and address subjective assessment methods

## 4 PRE- / POST-DEAL ENGAGEMENT

Influence and support portfolio companies to apply a gender lens

- Provide WLB with mentorship & networking opportunities
- Develop business development service based on an understanding of WLBs needs
- Offer gender lens technical assistance to portfolio firms

## 1 DEAL ORIGINATION & SCREENING:

Identify opportunities for gender less investing

- Set targets for women applicants
- Create specific funding calls
- Seek new deal sourcing channels
- Brand your firm as a gender lens investor

## 3 STRUCTURING / NEGOTIATION:

Set gender- related milestones

- Develop financing options
- to meet WLBs needs

## 5 IMPACT / EXIT MEASUREMENT

Build the business case for GLI through data

- Build the case of gender investing through business and social data
- Ensure gender-related exit expectations do not perpetuate gender bias





## DEAL ORIGINATION & SCREENING: IDENTIFY OPPORTUNITIES FOR GENDER LENS INVESTING

To diversify the investment pipeline, investors need to **identify the constraints that women face in accessing investment, incentivize staff to actively source WLBs, and adapt marketing campaigns to reach more women entrepreneurs**. A common misconception amongst investors is that there are few investment-ready WLBs when in reality, these businesses tend to exist in greater numbers than assumed. We know this because investors who are applying a gender lens in their recruitment and pipeline development are finding them.

The section below outlines the different strategies that investors can employ to identify and include women-led and gender forward businesses in their investment pipeline.

### Deal Origination & Screening - Patamar Capital

As with most VC firms, Patamar's traditional model for pipeline development has relied upon informal referrals, recommendations through networks, attending business-related events and relationships with other actors in the broader entrepreneurship ecosystem including incubators, accelerators and other investors. This process is perceived to be 'gendered', as many professional networks are male-dominated, which poses a challenge for finding investment-worthy WLB. Patamar has reviewed the ways it develops its pipeline. It now proactively attends women-focused events, which target women entrepreneurs and uses these touchpoints as gateways to further networking activities. This requires a high amount of engagement with women entrepreneurs to build trust and rapport. *For more information, please see the [Investing in Women and Ernst & Young Patamar Capital Case Study](#).<sup>23</sup>*

**Set targets for women applicants (M-T-\$).** It is very difficult to expand the number of WLBs that are part of the investment portfolio if women are not actively seeking funding from an organization. Investors can set targets across the investment pipeline to diversify the pool of applicants and ensure that sourcing efforts look beyond traditional channels. Starting by sex-disaggregating data at each stage of the investment process and tracking attrition of WLBs as a basis for defining targets.

<sup>23</sup> Ernst & Young (2019). Investing in Women South East Asia. Case Study Series: Patamar Capital. Ernst & Young. Available at: [https://investinginwomen.asia/wp-content/uploads/2019/10/IW-Case-Study\\_Patamar-Capital\\_OCT-2019\\_Final-002.pdf](https://investinginwomen.asia/wp-content/uploads/2019/10/IW-Case-Study_Patamar-Capital_OCT-2019_Final-002.pdf)

**Create specific funding calls for women-led or gender forward businesses (M-T \$\$-\$).** This should particularly include those that solve problems disproportionately impacting women and girls. These problems include but are not limited to: freeing up women's participation in unpaid care work, barriers to women's participation and return to the labour force, violence against women, and overcoming challenges to women getting jobs in science, technology, engineering and math (STEM) sectors. Funding calls can include "challenges", pitch competitions and social entrepreneurship awards targeted at women.

**Seek new deal sourcing channels (Quick Win \$\$).** Seek new deal sourcing channels (Quick Win \$\$), Such as women's business networks, women-focused accelerator or incubator programs and business networks that are committed to supporting WLBs. Some investors may feel that they do not need to spend significant resources in disseminating new funds or funding opportunities since entrepreneurs actively apply for them. However, traditional sourcing strategies will likely lead to traditional investment opportunities. In order to diversify the pool of investees, investors can think about how to disseminate funding opportunities beyond the usual channels of communication. Hidden biases in the communication channels being employed to disseminate investment opportunities may result in the message not reaching WLBs effectively. For example, entrepreneurship networks in STEM-related businesses that are dominated by men will likely lead to more male-led enterprises hearing about a specific investment opportunity.

**Revamping the brand of the investment firm as one that applies a gender lens (Quick Win \$\$).** Investors can also seek to ensure that their communications material distributed to external audiences highlights women as entrepreneurs and investors. They can also seek to disseminate images of women and men in non-traditional roles and integrate more inclusive language. For more guidance, please refer to the [Value for Women Communications and Gender Checklist](#).



## In Focus: Developing a Gender Lens Action Plan

Investors can develop an action plan document that outlines the most strategic internal and external actions that will apply a gender lens to the investment portfolio, process, and firm. This document should:

Outline the **investment thesis and define what gender lens investing means for the investor**. Further, activities should have an assigned budget and resources to ensure sound implementation.

**Set targets** for investing in women-led or gender forward businesses.

**Set sex-disaggregated targets related to the social or business KPIs of firms in the investment portfolio** (e.g. women vs men customers, sex-disaggregated access and use of products and services, internal diversity and inclusion policies, etc.).

**Assign a task team lead**, preferably a mid-level manager, principal or equivalent to facilitate the implementation of the gender lens strategy. If the investment firm is on the larger end of the size spectrum, **create a gender lens committee or working group** within the firm to ensure gender lens investing initiatives are institutionalized within the firm.

**Assign a senior staff member to be a sponsor of the initiative to secure buy in**. Gender initiatives can face push-back for a variety of reasons including cultural and gender norms in the region. The support of a senior staff member can help in overcoming them.



## DUE DILIGENCE & EVALUATION: APPLY A GENDER LENS TO EVALUATION DECISIONS

Gender biases and gender norms permeate multiple aspects of culture and business in all emerging markets. These unconscious and often unintended gender biases present in decision-making can result in less investment in women-led or gender forward businesses. It is important to identify the manifestations of these gender biases during the evaluation phase and devise solutions to mitigate them in order to raise the likelihood that WLBs are not screened out in this crucial step in the investment process. Some specific actions that can be taken are outlined below:

**Address gender-based risks and opportunities in due diligence processes (M-T \$\$\$).** Many due diligence processes, as designed, are not systematically capturing all of the potential gender-related opportunities in the potential investee business model. Hence, there is an opportunity for investors to include gender criteria in due diligence and/or environmental, social and governance (ESG) safeguards, verification processes and forms. This can include developing a scorecard such as the one developed by SEAF (see inset below).

**Add specific sections regarding gender to the investment memo template (Quick Win \$\$).** These sections can summarize the gender-related risks, biases and opportunities identified in due diligence. Investing in Women partners have found that including a specific section of content for gender in the investment memo helps to standardize the inclusion of a gender lens in the evaluation process. A gender lens could figure in quite a few sections, including:

1. Sections on founders, corporate governance and/or early hires by discussing the types of businesses they are hoping to reach;
2. Sections on social impact that talk about the targeting of products for women or girls, or about diversity and workplace equity policies; and
3. Sections on the business model detailing product design, marketing or sales strategies that are specifically taking into account women's needs and how many clients are women.

### In Focus: The SEAF Gender Equality Scorecard<sup>24</sup>

SEAF has developed the proprietary Gender Equality Scorecard (GES)®, which provides an assessment of women's economic empowerment and gender equality for each investment opportunity and existing portfolio companies. It is an example of a tool that can be used to evaluate portfolio companies' gender lenses. The GES® is based on six gender vectors:

1. Pay equity;
2. Workforce participation;
3. Benefits & professional development;
4. Leadership & governance;
5. Workplace environment;
6. Women-powered value chains.

SEAF is using the GES® to

1. Identify potential investees already committed to women's economic empowerment and gender equality,
2. Guide SEAF's value creation work in pay equity, leadership and other empowerment and equality metrics, and
3. Leverage the dataset derived from the tool to validate and refine SEAF's investment thesis. GES' policy and procedures are being finalized to ensure that SEAF's gender lens investment funds' commitment to women's economic empowerment and gender equality is fully reflected in its investments and in the post-investment value creation and gender equality scoring activity.

<sup>24</sup> Summary is based on: Ernst & Young (2019). *Investing in Women South East Asia. Case Study Series: SEAF Women's Opportunity Fund.* Ernst & Young.

**Award additional points for WLBs or gender forward businesses (M-T \$\$).**

Applying a gender lens to due diligence processes can also work in tandem with incentives that reward firms which are led by women or seeking to redress gender inequalities.

**Diversify the investment selection committee (L-T \$\$\$-\$)** including women in investment-decision making. In the short term, if there are no women partners or women in the firm with the experience required, then, consider including outside experts and/or LPs to join the committee.

**Identify and address subjective assessment methods (Quick Win \$\$\$-\$).**

Reducing subjective by systematizing processes can minimize the chance of bias, since the opportunity to assess subjectively is reduced. This allows staff to clearly identify what they are looking for in potential investees.



## STRUCTURING & NEGOTIATION: SET GENDER-RELATED MILESTONES



### Set gender-related milestones linked to specific outcomes (M-T \$\$).

Investors can set milestones with their investees in the term sheet and/or the final deal agreement that outline specific gender-related outcomes such as increases in women's participation in the leadership, workforce or value chain of the company and/or the policies that help companies achieve these outcomes. As a starting point, milestones can be related to the collection and analysis of sex-disaggregated data in the investee workforce, value chain, and/or client base. Investors can outline gender-related milestones or commitments in the term sheets to signal the importance of these issues to the investees early in the negotiation process.

## Structuring: Patamar Capital - Ensuring deal structures meet women's needs

Patamar Capital seeks to utilize a deal structure that is supportive of women entrepreneurs, such as targeting a capital structure which maintains sufficient ownership, control and leadership by women, as well as considering additional terms and incorporating planning through negotiation on matters such as parental leave, child care and marriage. This has, at times, put Patamar in a position of broker or advocate on behalf of the entrepreneur for these terms when negotiating with co-investors or follow-on investors.<sup>25</sup>

**Develop financing options to meet WLBs needs.** To reach more women entrepreneurs, investors need to develop financial products that better suit the needs of early-stage enterprises that may not be looking for traditional debt or equity vehicles. In particular, revenue-based finance and debt products may be more suited to early stage WLBs that do not have a high-growth model (e.g. businesses that have significant social impact but are not looking for the exponential growth that investors are attracted to in equity deals), are not looking to give up control, or still need to validate their business growth strategy before considering raising equity.

## Structuring: Biduk - Cash flow financing to meet women's needs

Berinvestasi Dalam Usaha untuk Kemajuan (Investing in Business for Progress) or BIDUK for short is a lending platform that is a prototype financial intermediary in Indonesia using flexible, commercially priced, debt products targeted at SMEs in the country. BIDUK seeks to redress access to finance challenges faced by SMEs, particularly those led by women such as the need for collateral, formal financial statements, and ticket size. Through cash flow-based repayment, flexible instruments (e.g. grace periods), non-financial services and a blended finance model, BIDUK is trying to meet the needs of underserved businesses.<sup>26</sup>

<sup>25</sup> Summary is based on: Ernst & Young (2019). *Investing in Women South East Asia. Case Study Series: Patamar Capital*. Ernst & Young

<sup>26</sup> Biduk. Accessed on May 10, 2020. Available at: <https://www.bidukindonesia.com/>

## POST (PRE)-DEAL ENGAGEMENT: INFLUENCE AND SUPPORT PORTFOLIO COMPANIES TO APPLY A GENDER LENS



**Provide women entrepreneurs with mentorship and networking opportunities (M-T \$\$-§).** Investors can support the growth of women entrepreneurs and their teams by developing in-house mentorship and networking opportunities or by linking women to these types of programs in their respective countries.

**Develop business development service (BDS) based on an understanding of WLB needs (M-T \$\$-§)** by ensuring women's voices feed into training content. Sex-disaggregated feedback surveys from investees combined with key informant interviews or focus groups with women entrepreneurs can help investors better understand the differentiated BDS needs of women.

**Offer technical assistance to support portfolio firms to apply a gender lens (L-T \$\$\$-§)** across their business model including workforce, products and services, and value chain. This technical assistance, which may require outside gender expertise beyond what the investor has available, can be done by applying four principles from Value for Women Business First Approach to Gender Lens Investing:

Understand the differentiated needs and aspirations of women in the workforce, value chain and market to develop gender-lens business solutions.

Focus on the business case for gender lens investing (e.g. do it because it is good for business revenues as well as for social impact);

Take a "bottom-up" approach focused on identifying business or social problems first and then applying a gender lens to the solutions; and

Include gender lens investing funding opportunities, concepts and metrics as part of training curricula for impact investors and for social enterprises.



## EXIT & MEASUREMENT: BUILD THE BUSINESS CASE FOR GENDER LENS INVESTING THROUGH DATA AND ASSIGN APPROPRIATE EXPECTATIONS FOR GENDER LENS INVESTING

Perhaps one of the most important tasks investors can take on is ensuring they collect, analyse, use and share sex-disaggregated data. This section provides some guidance on how to build the business case for gender lens investing through data and how to consider gender when developing exit expectations. Monitoring the performance of gender-related KPIs and defining the terms of the exit is an issue that will come up at different points throughout the investment cycle. Thus, the actions proposed below can be undertaken at any key portfolio monitoring point including exits.

### **Build the case for gender lens investing through business and social data (M-T \$\$\$).**

In many cases, internal and external stakeholders including investees may need convincing that gender lens investing is the smart thing to do and not just the right thing to do. Impact investors can leverage standardized metrics, such as the ones being promoted by the Global Impact Investing Network, to organize their data collection efforts, and to use this data to identify gender gaps and inform strategy development. Collection and analysis of sex-disaggregated data should not be limited to social impact indicators. Rather, it should also be collected for business and financial indicators in order to link gender lens investing with business performance to make the business case for gender-lens investing and ensure the sustainability of efforts to promote gender equality. Monitoring the performance of gender-related KPIs and indicators should be a constant activity throughout the investment cycle and the actions proposed below can be undertaken at any key portfolio monitoring point including exits.

### **Ensure gender-related exit expectations do not perpetuate gender biases or set the investee up for failure (M-T \$\$\$).**

There is ample data on WLBs being able to perform on par with those led by men, and gender diverse teams having better performance than those lacking diversity. However, investors can be careful to manage their expectations for WLBs and not ask more of them than they do businesses led by men. A women-led business may not match aggregate patterns and, particularly in the case of social enterprises, women may be seeking stable growth for their businesses rather than the double-digit growth that many VC/PE investors look for. Patamar Capital will seek to address this issue, as well as the need for innovative financing vehicles, through its new Beacon Fund which is looking to scale different models of success for WLBs.

**Investors can build the case for gender lens investing** by undertaking the activities at different points throughout the investment cycle:

- **Track portfolio KPIs in a sex-disaggregated manner** by tracking the investment amounts and performance of WLBs and/or gender forward businesses;
- **Use standardized sex-disaggregated indicators when tracking social impact.** For example investors can use the [Navigating Impact With a Gender Lens](#) section of the GIIIN Navigating Impact portal, developed in partnership with the Criterion Institute. This resource helps investors to select impact strategies and adopt core sets of metrics that track performance toward their goals;
- **Assess how WLBs perform compared to the rest of the portfolio** on a variety of business performance metrics. Many studies have found that WLBs and/or firms with gender diversity in leadership outperform VC and PE portfolios without gender diversity. Additionally, investors can disaggregate analyses by sector in order to assess whether investment is going to industries traditionally dominated by men-led businesses;
- **Share investee success stories of gender lens solutions that have improved business performance.**

## In Focus: Gender Lens investing in the COVID-19 Context

In the current economic crisis caused by COVID-19, investors are increasingly having to develop financial and advisory service support strategies for their investees. Businesses led by women that tend to be smaller and have limited access to finance are particularly vulnerable. The financial and non-financial measures that investors are taking (such as loan structuring mechanisms, concessional capital, loan deferrals and relaxed lending policies) gravitate towards traditional borrowers and risk reinforcing gender biases in an investment and financial industry where women entrepreneurs remain grossly underserved. Yet, in any economic recovery, WLBs are a pivotal part of the response since these businesses hire more women and tend to be more socially conscious. Social enterprises led by women are also likely to be more gender-forward and provide products and services that disproportionately impact women.

### What Investors can do: Allocate and Activate Capital for Economic Recovery with Gender Lens

Private capital providers have the capacity to respond rapidly and flexibly to the liquidity crunch facing WLBs. Organizations such as Investing in Women and Visa Foundation are already leading the way in allocating resources and capital for WLB.

**Investors can activate local investment solutions for immediate relief response and long-term resilience.** Effective intervention and lasting results require localized measures that respond to the rapidly shifting economic context within emerging countries.

- Emergency support can be channelled through effective localized financial intermediaries. Entities such as non-banking financial institutions, gender lens investors, impact investors and other investors with local reach and access to WLB have the capacity to respond immediately to the liquidity crisis.
- Long-term resilience will be reinforced through stronger mobilization of local capital and financial models that have gender lens investing at their core. In the post-COVID environment, foreign investments and international development financing in emerging markets will likely initially shrink. The growth of gender lens investing will thus rely on mobilizing innovative and flexible local capital, including sources such as high net worth individuals (including women), family offices and foundations.

**Investors can guide existing investees on how to apply a gender lens in their COVID crisis response.** Specifically, investors can:

- Collect and analyse sex-disaggregated business and social impact data to identify the gendered impact of economic shocks on both investees and the clients they serve.
- Highlight the importance of the differentiated impact of collective dismissals on women and men, since women tend to be disproportionately over-represented in low-paid or informal jobs leaving them without a proper safety net.
- Provide advisory services that focus on offering practical, gender smart solutions to COVID-related challenges (e.g. digital literacy upskilling for women working from home).



# HOW TO ADVANCE GENDER DIVERSITY ACROSS THE INVESTMENT FIRM

Developing strategies and policies to promote gender diversity within their own workforce allows investors to lead by example. In turn, a gender inclusive workforce offers diverse perspectives and experiences to investment decision making. In this regard, the identification and redressing of pain points impacting women's participation across the workforce development pipeline is particularly important. Figures 10 and 11 summarize a series of challenges and solutions that investment firms can take at different entry points of the talent pipeline.

**Figure 10 : Challenges to advancing gender diversity across the investment firm workforce**

## Talent Identification

- Gender biases and the fact that they are not exposed to women investor role models lead to a perception in women that jobs at investment firms are not for them.
- Traditional talent pools and channels are dominated by men.

## Recruitment

- Gender biases in the candidate selection and interview process lead to suboptimal decisions and the hiring of fewer women.

## Retention / Inclusive Workforce

- Difficulty of employees meeting personal and professional obligations, particularly working parents.
- Sexual harassment in the workplace.

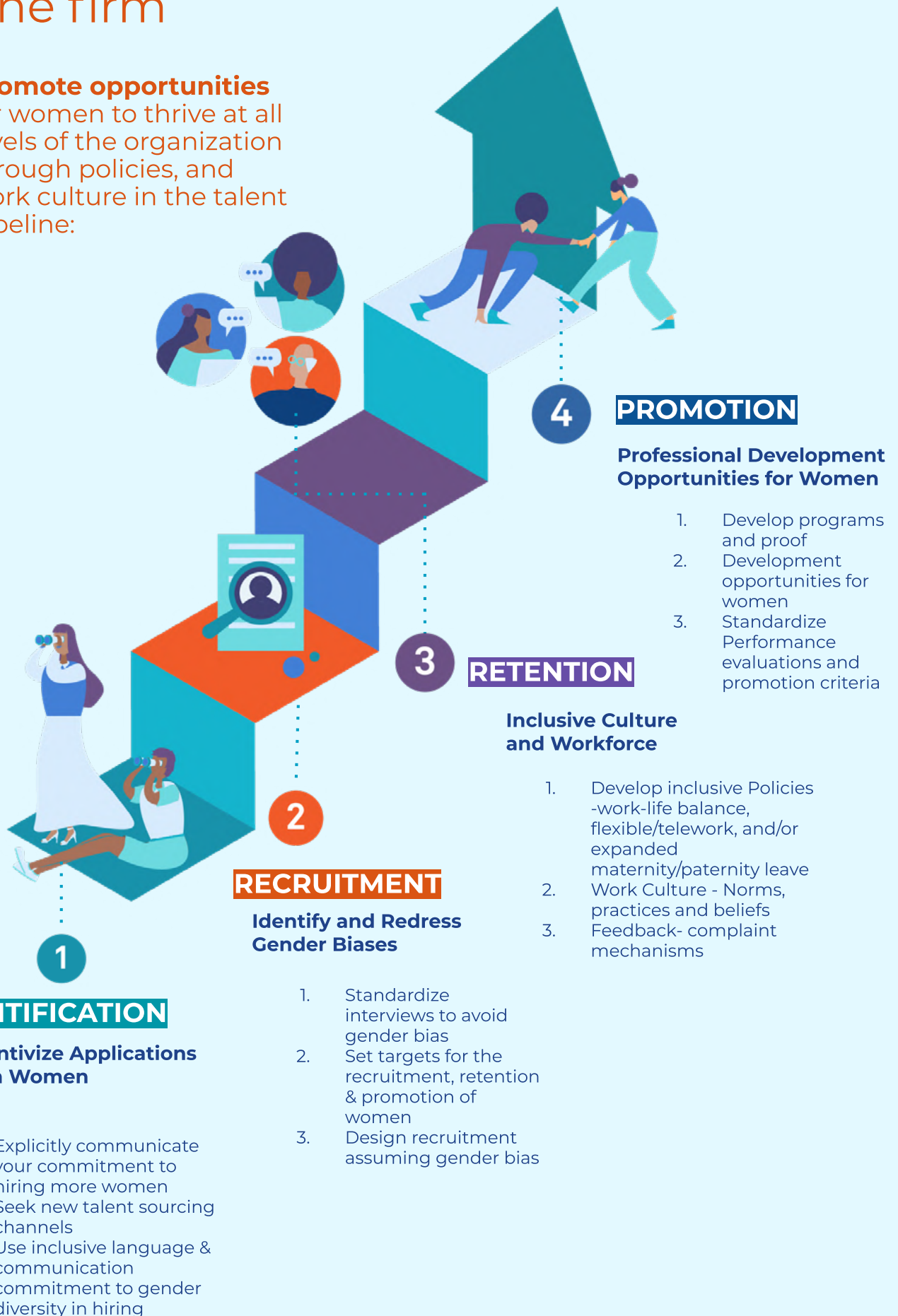
## Promotion / Professional Development

- Few women in investing and leadership capacities (e.g. Principals, General Partners).
- Few professional development opportunities for women.
- Gender gaps in pay for similar jobs/responsibilities.

Figure 11: The Talent Pipeline - Solutions to promote gender diversity in investor firms

# Gender Diversity in the firm

**Promote opportunities** for women to thrive at all levels of the organization through policies, and work culture in the talent pipeline:



## Identification: Incentivize applications from women

To improve the gender diversity of the applicant pool, investors can take the following actions:

- **Explicitly commit to hiring more women (Quick Win \$).** Investors should use communications and public relations initiatives to brand their firm as one that specifically seeks to include more women. This can include depicting women investors as role models and using imagery that profiles the contributions of women in the field.
- **Seek new talent sourcing channels (Quick Win \$).** Investors can proactively engage with different stakeholders to disseminate job opportunities, particularly those for investment professionals who are underrepresented in these positions in South East Asia. In particular, investors can disseminate job opportunities amongst women's business, entrepreneur and investor networks present throughout South East Asia. Additionally, firms can provide internship or fellowship opportunities for women pursuing a CFA, MBA or other relevant academic degrees.
- **Use inclusive language that does not perpetuate gender stereotypes in job postings and communications materials (Quick Win \$).** In South East Asia, women remain underrepresented as Principals, Limited Partners, General Partners, and in the financial services industry in general for a variety of reasons including self-selection bias. The language used in job advertisements can have a significant impact on the likelihood that women will apply for a role. While evidence from emerging economies is scarce, a study in the United States of how men and women responded to 1,493 job advertisements found that while women may believe they have the skills for a specific role, they would not apply if the language used in the advertisement was more stereotypically masculine.<sup>27</sup>

## Recruitment: Identify and redress gender biases

To improve the recruitment of women, investors can:

- **Set targets for the recruitment, retention and promotion of women (M-T \$\$).** Depending on where the gender gaps are in the talent pipeline, investors can develop targets for women at each relevant stage of the professional development process. Targets should not be set without accompanying actions and resources that facilitate the accomplishment of these targets.
- **Design recruitment practices assuming there are gender biases (M-T \$).** Conscious and unconscious gender biases present in men and women in South East Asia can permeate through the recruitment process leading to biased hiring decisions. For example, in a Monster.com study in the Philippines, 17% of female respondents reported that their desire to have children had been questioned during the interview process.<sup>28</sup> Additionally, unstructured interviews have been found to be bad predictors of on the job performance.<sup>29</sup> One way to remove bias is by standardizing job interviews by ensuring that:

- 1 All candidates are asked the same set of questions in the same order;
- 2 The group of interviewers should be the same for all candidates and, ideally, represent a diversity of roles and backgrounds within the investment firm;
- 3 Interviewers should score each answer immediately after it is provided, helping to reduce biases that are influenced by other responses or factors;
- 4 Compare answers "horizontally" i.e. compare the answers of each candidate to each other before rating or comparing candidates as a whole.<sup>30</sup>
- 5 Make it clear that interviewers cannot ask or include in their decision-making the marital status, number of children or desire to have children of a candidate.

## Retention: Inclusive Culture and Workforce

- **Create an inclusive work culture (M-T \$\$\$-§).** According to practitioner and academic literature, an inclusive culture improves recruitment, retention and promotion of women and increases employee satisfaction. Investors should seek to **create work environments where all employees are supported** in meeting their personal and professional responsibilities and goals. Not only does this improve the brand reputation of the firm, but it also attracts the best talent through forward-thinking policies and practices that benefit both men and women. This can be done by developing policies and practices that seek to create a work-life balance and support parents. Policies that promote a work-life balance, paternity/maternity or family leave beyond what is required by the law, and support men and women in their roles as caretakers can help investors to retain a diversity of talent, particularly women. Since many investment firms are small enterprises themselves (fewer than 50 employees), these policies must be practical and context-specific (e.g. providing time off for lactating mothers or employing a lactation kit rather than creating a specific lactation room).
- **Establish feedback and sexual harassment protocols (M-T \$\$).** Investors should develop easy to use, anonymous feedback and complaint mechanisms that can redress employee complaints and issues, particularly workplace violence and sexual harassment. Specifically, investors can have sexual harassment complaint mechanisms and the will and skill to enforce them.

## Promotion: Professional Development Opportunities for Women

- **Promote women as leaders and investors (M-T \$\$\$\$-§).** Investment firms can develop women's leadership programs and generally focus on the professional development of women through training in key skills like negotiation, providing visibility (i.e. access to senior leadership via mentorship programs, networking events, or presentations of special projects), and creating networks of emerging women leaders.
- **Standardize Performance Evaluations and Promotion Criteria (M-T \$\$\$-§).** Just like job interviews, standardizing performance reviews can help reduce gender bias in promotion decisions. While large multinational companies usually have standardized performance reviews, this is less common for investors and SMEs in South East Asia.

<sup>27</sup> Gaucher, D. et al. (2011). *Evidence That Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality*. Journal of Personality and Social Psychology: 101(1), p. 109-128. Available at: <http://gap.hks.harvard.edu/evidence-gendered-wording-job-advertisements-exists-and-sustains-gender-inequality>

<sup>28</sup> Monster.com (2017). #Shemakesit work.

<sup>29</sup> While studies from South East Asia are scarce in this regard, anecdotal evidence from the region and global studies have found that unstructured interviews are suboptimal. See for example: DeVaul RA et al. (1987). *Medical School Performance of Initially Rejected Students*. JAMA. 1987;257(1):47-51.

<sup>30</sup> Bohnet, Iris (2016). *How to Take the Bias Out of Interviews*. Harvard Business Review. April 18, 2016. Available online at: <https://hbr.org/2016/04/how-to-take-the-bias-out-of-interviews>

# CONTRIBUTE TO BUILDING THE GENDER LENS INVESTING FIELD

Beyond working on their own investment portfolio and workforce, investors can also help build the gender lens investing ecosystem in their respective countries and regions. By making women visible, sharing data, building partnerships and identifying best practices, investors can help create a collaborative gender lens investing ecosystem that supports women-led and gender forward enterprises across their business lifecycle.

## **Make women social entrepreneurs and investors visible.**

Make women social entrepreneurs and investors visible to challenge the common biases noted above with regards to investors having difficulty finding women at the helm of social enterprises. Investors can do this by profiling women entrepreneurs on their websites, blogs and articles as well as by inviting the presence of women speakers at key industry events. Men who are in positions of leadership in investment firms can play a very determinative role in this regard by highlighting the achievements of women and advocating publicly for gender equality in the investment sector.

## **Make more gender data publicly available.**

Investors and social enterprises can publish data on the gender composition of their corporate governance and management structures, to improve transparency and incentivize improvements in gender diversity in company leadership.

## **Build partnerships and collaborate with business networks, accelerators and incubators.**

Build partnerships and collaborate with business networks, accelerators and incubators solely or partially focused on women and gender inclusion to share knowledge and lessons learned, as well as build up the investment pipeline.

## **Identify best practices to support the growth of women-led businesses.**

There is fairly extensive information about what types of business development support programs work to support the growth of women-led microenterprises and SMEs (e.g. short basic trainings may change business behaviours but do not have an impact on business outcomes). However, there is very little literature on what works to support the growth of women-led social enterprises, with notable exceptions such as the Global Accelerator Learning Initiative (GALI) [Accelerating Women-led Startups Data](#) and Village Capital's [Flipping the Power Dynamics](#) report. In particular, there are various accelerators that are looking to increase the participation of women in their programs, but we do not yet have differentiated data on how these programs are impacting business performance. Intermediaries should gather sex-disaggregated data that can provide information on both the barriers faced by women-led social enterprises and the interventions that can help them in overcoming these barriers.

# MOVING FORWARD

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We hope that impact and mission-driven investors in emerging markets can use this Guide to support their gender lens journeys. By providing a menu of options for concrete gender lens actions that can be taken at any stage of the investment process, investors should be able to use this Guide to create their own gender lens investing roadmap that furthers their particular gender impact goals. Additionally, investors can use this Guide to identify actions to “walk the talk” and promote gender diversity within their own workforce and leadership.

We see this Guide as a contribution to a growing body of gender lens investing resources, which are becoming more sophisticated and thoughtful, and that point to new ways of investing and doing business (Please see Annex 1: Gender lens Investing Resources for Investors). Going forward, in the coming year, Value for Women and Investing in Women will produce additional briefs that highlight gender lens investing efforts and examples in South East Asia.

Sharing knowledge products, resources, and experiences will help us all improve the way we are working to include a gender lens in our respective practices. In this regard, investor networks (e.g. Asian Venture Philanthropy Network, Global Impact Investing Network, Gender Smart Investing Summit, Aspen Network of Development Entrepreneurs, and others) can be important spaces for disseminating new approaches and initiatives and connecting peer organizations, including investors, as well as the new funds that are targeting WLB, accelerators and incubators strengthening the WLB pipeline, and firms offering gender lens advisory services.



## ANNEX 1: Gender lens Investing Resources for Investors

Gender lens investing is a relatively new concept, but several resources developed in the last three years can help guide investors through certain parts of the process. These resources are described below:

- **[Navigating Impact with a Gender lens](#)** is a section of the GIIN Navigating Impact portal, developed in partnership with the Criterion Institute, and that helps investors to select impact strategies and adopt core sets of metrics that track performance toward their goals.
- **[The Gender Lens and Acceleration Toolkit](#)**, developed by the Heise Sasakawa Peace Foundation (SPF) in partnership with Frontier Incubators program (a program of the Australian Department of Foreign Affairs and Trade), aims to assist entrepreneurship support organizations (e.g. incubators, accelerators, and intermediaries) in South East Asia to curate their own customized gender strategy by providing practical guidelines, case studies, and frameworks outlining strategies for applying a gender lens to their organization, program, and ecosystem.
- **[A Lean Data How-To-Guide: Understanding Gender Impact](#)** delves into the work of five different programs within Acumen's portfolio and Unilever's initiatives to develop a new, highly effective framework that entrepreneurs, impact investors, corporations, donors and philanthropists can use to measure their impact on women and girls.
- **[The Gender Inclusion Self-assessment Tool](#)** is an online resource developed by Value for Women in partnership with the Walmart Foundation that allows agribusinesses to capture sex-disaggregated data at various levels of a business, including human capital, productivity management and market. This simple, user-friendly data collection tool enables businesses to track improvements through the adoption of new policies, systems, and practices as well as to identify gaps and opportunities for deepening their focus on gender inclusion.
- **[A Business-first Approach to Gender Inclusion](#)** is a tool developed by Value for Women with the support of the Shell Foundation and the Department for International Development (DFID) of the United Kingdom, and that is being used to test a holistic approach for gender inclusion in clean energy SMEs operations' and value chains. The collaboration is building evidence on the impact of applying a gender lens in terms of improved performance and efficiency in business operations, increased market share, and improvements in competitiveness and investment potential.
- **[Gender-smart investing resource hub](#)** is an online portal created by the International Centre for Research on Women (ICRW) with funding from the UK Department for International Development Impact Program, and support from CDC Group. This hub can support impact investors to screen potential investments through a gender lens and advise companies on how to better integrate gender into their operations and supply chains. The gender lens investing tools therein are designed for impact investors (both impact-first and finance-first) who are deploying various asset classes to companies primarily in emerging markets.