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Catalyzing Impact Through Gender-smart Investing

August 13, 2019 | 9:30 – 10:30 am EDT

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What is Gender-Smart Investing?

- Integration of gender analysis into financial analysis in order to achieve better outcomes.
- It is about gender equality.
- Goods and Services for Women
- Women’s access to capital;
- Workplace Equity;
What is Gender-smart Investing?

- Exploring subsets of gender based issues, For example
  - ADDRESSING GBV THROUGH THE INVESTMENTS SECTOR (Criterion Institute)

- Gender-smart Investing is much more than “Counting women”
Impact Investing: is a subset of general investing which seeks social and environmental returns in addition to financial returns.

Gender-smart Investing as a lens that seeks to apply gender analysis to financial analysis in investment should really be applied to general investing, not only to impact investing.
The data is strong and convincing

- In the US only 9% of decision makers in investment funds are women and only 2% of Venture capital goes to firms with female founder - *Access to Capital* [1].

- Gender diversity on boards can serve as a driver for better financial performance [2], BUT ALSO, gender diverse boards are found to perform better on environmental and social risk management measures [3]. - *Workplace equity.*

- Advancing women’s equality could add $12 trillion to global growth [4]. - *Access to goods and services/capital and workplace equity.*

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[1] Axios Analysis 2018  
[3] ISS Corporate Solutions 2018  
Empowering Women Through Finance

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IIX is a pioneer and leader in mobilizing capital for social and environmental change, with the mission to impact over 500 million lives by 2035. We have a particular focus on giving women a voice and addressing the root causes of inequality and injustice. IIX has driven the United Nations Sustainable Development Goals (SDGs) forward through its three-pronged agenda:

- **IIX expedites global climate action**
- **IIX redefines the narrative to position women as solutions**
- **IIX builds resilient communities**
Spotlight 1: IIX Women’s Livelihood Bond: The World’s First Listed Impact Investing Instrument

$8 MILLION DEBT SECURITY IMPACTING 385,000 LOW-INCOME WOMEN

5.85% COUPON OVER 4 YEARS WITH A 50% GUARANTEE & 500,000 FIRST LOSS

LISTED ON SINGAPORE EXCHANGE AND QUOTED ON BLOOMBERG
Key Partners: Adopting a Multi-Stakeholder Approach
The WLB1’s Y1 impact numbers have exceeded targets: over 140,000 women have benefitted from sustainable livelihoods. Some stories from the WLB1’s beneficiaries include:

**SAMIC (Cambodia)**
- SAMIC’s loans have helped Rina:
  - Expand her subsistence rice farm into a small business
  - Build her home’s first latrine

**NWTF (Philippines)**
- NWTF’s loans have helped Sarah:
  - Grow her snack business
  - Enable her 2 children to graduate from school

**iCare (Vietnam)**
- iCare’s employee benefits platform has helped Holly:
  - Purchase a motorbike
  - Use time saved to work extra shifts, help her daughter with schoolwork
Spotlight on WLB 2

LARGER SCALE
- $100 million over three tranches
- Projected to impact 1 million women

NEW SECTORS & COUNTRIES
- Includes Indonesia, India, Sri Lanka
  - Clean Energy, Agriculture

SELECTED PARTNERS
- DBS, Shearman & Sterling, Latham & Watkins, USAID, DFAT
Bond Replication Across the SDGs

The WLB was over-subscribed by investors, illustrating the significant investor demand for impact investment products that offer scale, transparency and liquidity. Building off its success and lessons learnt from the WLB, IIX aims to design similar financial mechanisms to mobilize large-scale capital for development globally. The bonds can be repackaged for mutual funds and other liquid assets according to various impact themes. Current bonds in the pipeline include:

<table>
<thead>
<tr>
<th>Bond Name</th>
<th>Region/Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women’s Livelihood Bond 2</td>
<td>South and Southeast Asia</td>
<td>USD 100 million bond to empower +1 million women in South and Southeast Asia</td>
</tr>
<tr>
<td>Climate Bond</td>
<td>Southeast Asia</td>
<td>To build climate resilience and address key issues such as haze</td>
</tr>
<tr>
<td>Women’s Health Bond</td>
<td>USA</td>
<td>To provide underserved women in the U.S. with access to affordable, quality healthcare</td>
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</table>
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The Hub includes the following for each sector:

1. **Gender Briefing:** provides an overview of gender in particular sector

2. **Gender Opportunities Explorer:** highlights opportunities to better integrate gender in a company’s operations and supply chain

3. **Gender Scoring Tool:** generates a personalized gender scorecard for a target company

4. **Case studies:** explore how leading companies integrate gender into their operations, and the resulting business and social benefits

5. **Gender Materiality Map:** outlines where and how gender is material in the sector

6. **Social Impact Visual:** depicts causal linkages between gender integration in the sector and likely social impacts
Agriculture remains the foundation of global food security and an economic pillar in many regions of the world, accounting for 26% of GDP in low-income countries in 2016. An estimated 2.5 billion rural people depend on agriculture for their livelihoods, with 65% of adults living in extreme poverty engaged in agricultural activities such as farming, fishing, animal husbandry, hunting, and forestry. The World Bank estimates that given significant levels of employment in the sector, growth in agriculture may be 2-4 times more effective in raising incomes among the poorest populations than investment in any other sector.

Gender remains an important consideration in the sustainable expansion of agribusiness in low- and middle-income economies. Women have historically played a central role in the cultivation and processing of agricultural products. Yet, since women disproportionately face barriers to land ownership, farming inputs, equipment, technology, financial services, education, and markets, a gender gap is often reflected in agricultural yields. In the era of climate volatility, sub-optimal yields affect the entire value chain, from the livelihoods of smallholders and viability of farmer cooperatives, to the operational continuity of companies involved in aggregation, processing, and export of agricultural commodities.
Agriculture: Gender Opportunities Explorer

FARMING & PRODUCTION

PAY
☐ Provide direct payments into the bank accounts of female farmers. When payments are given to a household (in cash or transferred to the head of household’s account), men often have control over spending decisions. However, making payments directly to women enables them to make decisions around how the money they earn is spent and may increase their satisfaction and participation in the supply chain.

FINANCING
☐ Enhance women’s access to financing to purchase agricultural inputs or equipment/machinery for planting. Women may lack access to collateral needed for traditional financing, therefore provision of innovative financing mechanisms specifically for purchase of agricultural inputs can increase access to needed inputs and ultimately increase yields. To increase access to finance, companies can:
- Organize women borrowers into groups or networks and facilitate village savings and loans (VSL) schemes
- Partner with micro-finance institutions and/or provide loans, crop insurance and other essential financial products
Agriculture Gender Scoring Tool

Use this Agriculture Sector Gender Scoring Tool to assess and generate a customized gender scorecard for a current or potential investee. For more information on using the tool, refer to the Scoring Tool FAQs, as well as ICRW’s Methodology for scoring companies. If required, download the Excel form User Version of the Scoring Tool to begin collecting responses, or proceed directly to the web-based tool below.
Agriculture: Gender Scorecard

OVERALL SCORE
- Board: 100%
- Employers/Senior Management: 88%
- Farmers/Contractors: 45%
- Consumers: 100%
- Community Members: 5%

VALUE CHAIN SCORE
- Input provision & use: 100%
- Farming & Production: 68%
- Storage, transportation, aggregation: 46%
- Marketing & Final Sales: 100%

GENDER EQUITY IN THE WORKPLACE
- Representation: 93%
- Leadership: 86%
- Recruitment & Hiring: 100%
- Promotion & Employee Evaluation: 100%
- Pay Equity: 100%
- Sexual Harassment: 100%
- Flexible work & Care: 100%
- Skill Building & Operational Considerations: 100%

Overall Score: 77%
Value Chain Score: 79%
Gender Equity in the Workplace Score: 97%
Agriculture: Gender Materiality Map

**Gender Materiality Map: Agriculture**

- **Board**
  - Diversity dividend: Various research highlights the link between greater diversity on boards and financial performance.

- **Senior Management/ Employees**
  - Diversity dividend: Various research highlights the link between greater diversity in leadership and financial performance as well as innovation. In particular, employing women in potential-facing roles, e.g., input provision, agricultural extension, project management, community liaison can enable more tenure smallholders to participate and achieve higher yields.

- **Smallholder Farmers/ Contractors**
  - Engaging women smallholders can help companies meet goals for volume and quality. Women often form networks to share land, inputs, infrastructure and labor, which may be particularly valuable if companies are in sectors that require high-touch service delivery. Moreover, as demand in high-quality products grows, so do the opportunities for women smallholders to participate and achieve higher yields.

- **Gender Lens with Consumers**
  - Gender integration in the production and value chains enables companies to better identify and serve the interests of different local and international consumer markets. It fosters inclusivity, building brand value and reputation.

- **Gender Opportunities in Community**
  - Agriculture can support communities, boost the local economy, and generate sustainable livelihood opportunities for women, youth, and historically marginalized groups. From a shared-value perspective, companies can support climate resilience and help improve smallholder yields, which benefits women and men, strengthens the supply chain and enhances corporate reputation.

**Materiality**

Where gender issues or opportunities may impact the financial condition or operating performance of a company:

- **No known materiality case**
- **Weak materiality case in the particular sector, but domain still links to research or practices that show benefits of gender integration in other industries**
- **Potential materiality case, with some research linking materiality, and evidence from multiple businesses expressing business impacts**
- **Clear materiality case, with various research linking to materiality and evidence from at least 4 businesses**

*For more information about the evidence basis informing the Gender Materiality Maps, please contact ICRW Advisers: advisors@icrw.org.*
Women’s World Banking Capital Partners (WWBCP)
Portfolio Gender Performance

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Women’s World Banking Asset Management (WAM) collects gender disaggregated data from WWBCP portfolio companies regarding key product and institutional indicators. In 2018, WAM found Portfolio Companies more engaged and interested in providing significant information on gender performance and valuing the gender insights.

- Portfolio company outreach to women increased by 58% during holding period (calculated as the increase in women clients from the first year-end after investment to the end of 2018, or exit in the case of Ujjivan) and held the line at 50% women clients in aggregate.

- Portfolio Companies on average show that women tend to outperform men in portfolio credit quality in every product category except small business lending.
Gender Performance – Aggregate Client Trends

- Women tend to receive **lower average loan sizes than men in all product categories**.

- Women tend to make up a **lesser portion of the total deposit base** than men, **have lower average deposit amounts and maintain fewer accounts overall** than men. This is a surprising result considering how important safe places to save are for women, and Portfolio Companies might be missing an opportunity to attract more depositors.
Gender Performance – Aggregate Staff Trends

- Across the portfolio companies, **women tend to be more loyal employees** with higher retention rates than men.

- **Hiring rates for men are more than triple** those of women

- **Promotion rates for men are nearly four times higher** than those for women.

- Women are nearly (though not quite) at parity with men on salary in the middle manager categories, but there is a larger disparity at the loan officer and executive levels.
Gender Performance across the Fund’s Portfolio Companies highlight key trends and call for additional inquiry

1. Women tend to outperform in credit quality in every category except SME lending, where they often under-perform. What are the underlying causes?
2. Women persistently receive lower average loan sizes across all categories. What are the underlying drivers? What are the implications?
3. Women’s savings potential seem not to be realized by Portfolio Companies. What are the missed opportunities?
4. Women have consistently higher retention rates as employees, but are hired and promoted at substantially lower rates than men. How can the Fund encourage more opportunities for women employees?
Client Gender Performance Highlights – Case #1

- **Individual microloans make up the large majority** of the institution’s productive loan portfolio and women make up the majority of clients for this product.

- **Women outperform men** in terms of asset quality in all products but the (discontinuing) SME product.

- **Women and men have close parity in average loan sizes for the micro and “other” products**, with lower loan sizes in the (discontinuing) SME product.
The institution shows a **generally improving trend** in female employment and has a high representation of women throughout the organization.

The institution has been more **successful at keeping and hiring its female staff** relative to their male counterparts and **promotes at the same rate**, making it a positive outlier among Fund Portfolio Companies.

Average **compensation between male and female staff is roughly equal** at loan officer and management levels, although executive level salaries are higher for men - somewhat skewed by the male CEO’s salary.
The majority of the institution’s productive loan portfolio is made up of the individual microloan product; **women make up 41% of this portfolio.**

Contrary to last years’ results (and most other Portfolio Companies) **women outperform men in SME portfolio quality.** However, contrary to the general trend seen in the Fund’s portfolio companies, women underperform men in credit quality in the micro portfolio (consistent with 2017.) However, overall PAR in the institution is quite low at 0.6%, with men at 0.6% and women at 0.7%.

**Male and female borrowers have similar average loan sizes,** with women receiving only marginally smaller loans overall.
The institution has shown moderate improvement in institutional gender performance for overall staff since 2015, particularly growing in parity in the Loan Officer level. However, the institution still reports no women at the executive level and declining numbers in middle management—an issue that the Fund has successfully prioritized at the board and shareholder level.

Despite a lack of women at higher staff levels, the institution reports good gender parity in terms of hiring and promoting rates as well as salaries paid to men and women.

Pay for female staff compared to men at loan officer and middle management levels is marginally higher, but there are no women at the executive level.

The proposed gender plan by management focuses on highlighting women at higher levels and ensuring promotions are being given objectively according to internal policies.
Q & A

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Thank You!

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For more information about SEEP’s Women’s Economic Empowerment Working Group contact facilitator Lis Meyers: **WEEWG@seepnetwork.org**

[www.seepnetwork.org](http://www.seepnetwork.org)
SEEP Announcements

Stay Tuned!

- More from the WEE Working Group
- A post-webinar blog with more on Gender-smart Investing
- Request for Proposals for SG2020

Webinar Spotlight

Opportunities and Challenges for Youth Financial Inclusion in Africa
August 27 | 9:30 – 10:30 am EDT

What Does Consumer Protection Mean for Savings Groups?
September 10 | 9:00 – 10:00 am EDT

2019 SEEP Annual Conference

Early Bird pricing ending August 21!

Explore this year’s dynamic conference agenda, including sessions in the technical track, Gender Equality as a Resilience Strategy.