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KIVA BORROWERS, FISH VENDORS FROM MALI

GENDER LENS INVESTING LANDSCAPE

Gaps, Challenges, and Opportunities in Financial Inclusion for Women

2021

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“In a world where women’s hands do 66% of the work and grow 50% of our food, but earn only 10% of the income and own just 1% of the land, our work has just begun.”

- Julie Hanna

Venture Partner, Obvious Ventures

Executive Chairwoman, Kiva

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ACRONYMS AND ABBREVIATIONS

AUM - Asset Under Management

EM - Emerging Markets

GLI - Gender Lens Investing

IC - Investment Committee

LAC - Latin America and the Caribbean

MFI - Microfinance Financial Institution

MIV - Microfinance Investment Vehicle

MIX - Microfinance Information Exchange

OECD - Organisation for Economic Cooperation and Development

SME - Small and Medium-sized Enterprise

TA - Technical Assistance

USAID - United States Agency for International Development

WEE - Women's Economic Empowerment

EXECUTIVE SUMMARY

Kiva has focused on a mission to expand financial access to help underserved communities thrive since 2005. In developing a comprehensive Gender Lens Investing (GLI) strategy that will build on our experience of investing in women, we received support from USAID to conduct a thorough exploration and analysis identifying gaps and opportunities in the field.

In our exploration, we drew from existing datasets within the GLI and microfinance sectors and focused our analysis on data related to gender lens investing approaches in financial inclusion and emerging markets. We complemented this quantitative data with qualitative insights derived from investors, practitioners, and gender experts in the space. What we found was both encouraging and concerning. The trend in gender lens investing is positive, with an abundance of new funds, resources, and networks, but the gaps investors seek to address are persistent and likely to worsen as a result of COVID-19.

Investors use various GLI approaches to drive impact for women. In the microfinance industry, significant gaps exist across all of these approaches, ultimately limiting the impact that Microfinance Institutions (MFIs) have on women's economic empowerment. Capital is a key piece of the puzzle, but capital alone will not fill these gaps. Key stakeholders agree that funds should provide capacity building and technical assistance (TA) alongside capital to build the capacity of the institutions to effectively apply a gender lens. This TA can be used to facilitate improved data collection and analysis, better internal policies and practices for women, and improved design of products and services for women to drive women's economic empowerment.

GLI IS GAINING MOMENTUM	OPPORTUNITIES FOR GLI IN MICROFINANCE	ALL GLI APPROACHES ARE NEEDED TO FILL GAPS	OPPORTUNITIES FOR EVEN GREATER IMPACT
Gender Lens Investing is on the rise, with an established business case and community of actors. Those looking to create a GLI strategy should utilize the many resources available to develop an intentional strategy.	The Microfinance Industry presents a ripe opportunity for GLI. Microfinance has been key in facilitating financial access to underserved populations, in particular women. However there are opportunities for more thoughtful approaches to both investment decisions and impact management.	Most GLI funds employ more than one GLI approach. Even so, within the microfinance space, there are gaps across all six of the main GLI categories. Funds should seek to close these gaps and the use of multiple GLI approaches may better enable them to do so.	Key stakeholders agree that scaling impact through GLI will require coupling the provision of capital with the provision of technical assistance. TA can support investees in moving from output to outcome measurement and in overcoming barriers arising from existing social norms.

While our analysis is grounded in data from the microfinance sector, the challenges and opportunities derived from these findings are relevant to financing women in the small and medium-sized enterprise (SME) segment, as well as broader women's economic empowerment investment strategies.

Only ten years remain to meet the Sustainable Development Goals and achieve gender equality. Gender lens investors cannot allow COVID-19 to slow our progress. We hope that the industry can draw from the learnings presented in this report and collectively drive efforts to scale capital access and impact for women.

INTRODUCTION

THE NEXT STEP IN ADVANCING WOMEN'S ECONOMIC EMPOWERMENT

Since 2005, Kiva has focused on a mission to expand financial access to help underserved communities thrive. Kiva does so through the provision of loans and in helping our FSP partners to build their operational capacity and develop innovative financial products that expand access and opportunity. To date, Kiva has facilitated over USD 1.5 billion in loans to 500+ partners in over 90 countries, of which USD 1.16 billion has gone to women. In the pages that follow, we seek to lay out where key opportunities exist and where innovation may lie. All of these findings will inform the design of Kiva's gender lens investing strategy. From the provision of more client-centric technical assistance, to better understanding how to apply an intersectional lens in gender lens investing, there is a desire in the sector to scale impact to specifically and effectively advance women's economic empowerment. Now, the focus must shift toward urgent action and implementation.

Kiva's platform has reached over 3.7 million borrowers,
81% of whom are women borrowers.



Elizabeth, Kiva's first borrower, used a USD 500 loan to expand her fishmongering business off the coast of Lake Victoria.

In April 2020, Kiva took the next step on the journey to advance women's economic empowerment through a partnership with USAID. Through this partnership, Kiva aims to explore executable strategies to advance financial access for underserved women entrepreneurs and business owners in emerging markets.

In the process of developing our GLI strategy, we surveyed the emerging markets GLI landscape, analyzed sector-wide microfinance data, and interviewed key industry stakeholders to identify gaps and opportunities in the market. We also drew on Kiva's data to connect insights from the broader landscape with our own experience.

The objective of this report is two-fold. First, the report offers a broad overview of the current GLI landscape and ecosystem, specifically related to investments in women entrepreneurs from underserved communities in emerging markets. Second, the report provides a high-level summary of key stakeholder conversations the Kiva team has had to date, with a focused analysis of gaps in the current investable market, as well as near- and long-term opportunities in the financial inclusion space.

Our goal is to present findings that will enable other actors to better understand the financial inclusion GLI landscape and ultimately be used to further advance women's economic empowerment.

INTRODUCTION TO GENDER LENS INVESTING

Gender lens investing considers both the financial return and the gendered impacts of an investment. How gender is considered and what those gendered impacts look like has evolved over time.

Six main approaches for investing with a gender lens have emerged in recent years (See Box 1). As the field of gender lens investors has grown, so have the number of approaches used to apply a gender lens. Examining gender across supply chains, taking the internal policies and practices of an organization into account, and considering the country context with regards to gender are all examples of new and emerging approaches for gender lens investing. These approaches have been applied across portfolios and also through the development of thematic funds focused exclusively on investing with a gender lens.

Despite the diversity in GLI approaches, the majority of gender lens investments focus solely on women in leadership. Less than a quarter take a more comprehensive approach, such as examining whether the company has gender-forward internal policies and practices.¹

BOX 1: GENDER LENS INVESTING APPROACHES



Women as investors



Products or services for women



Women in leadership



Women as clients



Women on boards



Workplace equity

WHY INVEST IN WOMEN?

- USD 300 billion financing gap exists for formal, women-owned small businesses ²
- Over 70 percent women-owned SMEs have inadequate or no access to financial services ³
- Over 1 billion women are outside of the financial system ⁴
- Increases in women's income can lead to increases in household spending on food and education ⁵

THE BUSINESS CASE FOR GENDER LENS INVESTING

The business case for investing with a gender lens has been well established. Research has been released by various stakeholder groups, including funds, academics, and multilateral institutions, indicating that investing in women leads to greater financial returns and better business outcomes (See Box 2).

BOX 2. RESEARCH SUPPORTING THE BUSINESS CASE



Executive teams that are gender-diverse generate better financial performance ⁶



Value chains that are gender-diverse are more agile and create new business opportunities ⁷



Diversity leads to improved decision-making ^{8,9}

This research has led to more and more funds adopting a gender lens and a proliferation of tools on how to apply a gender lens throughout the investment process. Some helpful resources on this topic are shared below and a more detailed list is included in the Appendix.

GUIDES FOR INVESTING WITH A GENDER LENS



Value for Women
How to Invest with a Gender Lens? A guide for investors in emerging markets



CDC and IFC
A Fund Manager's Guide to Gender Smart Investing



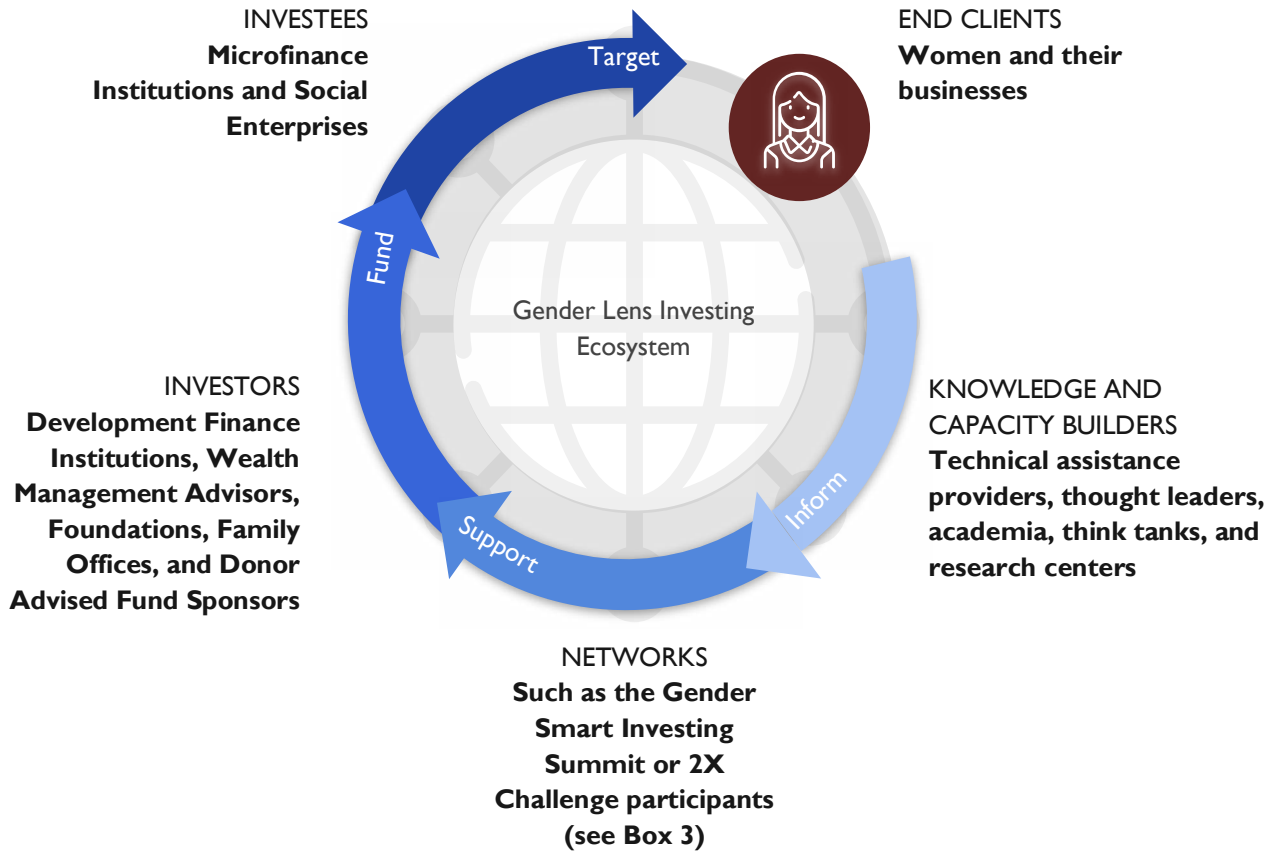
Cambridge Associates
Impact Opportunities through Gender Equity



US SIF Foundation
Investing to Advance Women: A Guide for Individual and Institutional Investors

GENDER LENS INVESTING ECOSYSTEM MAP

The GLI ecosystem spans public and private sectors, with academics, investors, fund managers, civil society, and others all playing a key role. The Gender Finance Mapping Team has created a comprehensive interactive map of this ecosystem, developed by Nexial, available [here](#). A consolidated version of this ecosystem, highlighting actors most relevant to Kiva, is presented below:



BOX 3. GENDER LENS INVESTING NETWORKS

A number of networks, coalitions, and initiatives have been established to encourage and support gender lens investors. Most notably, the [2X Challenge](#) has committed over USD 4.5 billion to date in capital that meets one of their five criteria for investing with a gender lens. The Gender Smart Investing Summit has also provided a platform for gender lens investors and other stakeholders in the space to connect and learn from one another to advance the sector.

GENDER LENS INVESTING AND KIVA



Caurie Borrowers in Senegal

This is an opportune moment for Kiva to bring stronger intentionality to our investments in women. Kiva has a long history of investing in women through microcredit. Kiva's partners often use credit as part of more holistic entrepreneurship programs that include peer support and mentoring, business and skills training, and subsidized financing.

Multi-faceted programs focused on social empowerment can reduce the barriers that prevent women from starting businesses, investing in their futures, and increasing their incomes. Low-cost capital can be a valuable complement to these efforts by ensuring that women can take advantage of and build on the opportunities created.

Kiva recognizes that for our loans and investments to spur systemic change and make a deep impact on women's lives, we need to pair our capital with technical assistance and capacity-building support. This non-financial support enables our partners to design and launch gender-smart loans, products, and services, as well as to sustainably scale their business models.

PARTNER SPOTLIGHT

Caurie Microfinance

Caurie is a microfinance institution in Senegal offering best practice microfinance services to financially excluded, women-owned micro-enterprises in primarily rural areas. Caurie is fundamentally a community banking institution. Their lending methodology is based on the creation of organized, structured and communally-governed groups called "Bancs Villageois," or "Village Benches."

Kiva has worked with Caurie since 2008. Over 99% of Caurie's borrowers are women and Caurie has been able to fundraise USD 24.3 million in loans to women via Kiva. Kiva has also supported Caurie in conducting surveys to understand their impact and value proposition among their borrowers, as well as make systems improvements to be able to offer a digital service delivery model which makes it possible for women to save and transact remotely without going to a branch office.

Kuli kuli

Kuli Kuli Foods, a woman-run social enterprise working with suppliers across 11 different countries, improves livelihoods by sourcing moringa from smallholder farmers, particularly women-owned farming cooperatives in West Africa, and teaching them how to grow and process moringa, and incorporate the nutritious food into their diets. In 2020, Kuli Kuli borrowed USD 100,000 through Kiva to finance purchases from moringa farmers who have been impacted by business disruptions due to COVID-19.

With the numerous resources at our disposal, including the business case and available guides (See Appendix), along with the networks of gender lens investors that have grown considerably over the past decade, Kiva is in a prime position to build on our track record of investing in women and to develop a comprehensive gender lens investing strategy.

To complement the available resources, we focus on gender lens investing in the financial inclusion space in emerging markets specifically. By comparing Kiva data to relevant subsets of data from Project Sage and the Microfinance Information Exchange, along with collecting qualitative data from interviews with investees, investors, and experts in women's economic empowerment, we have extracted key insights that will be used to generate our GLI strategy and believe these insights will be useful for others hoping to apply a gender lens to financial inclusion investments.

LANDSCAPE OVERVIEW

DATA PRESENTED IN THE LANDSCAPE OVERVIEW

The Landscape Overview section first presents a high-level summary of core components of the current gender lens investing landscape, drawing comparisons by geography and sector between the investment allocation of the broader industry and Kiva's own capital flow data to show where there are opportunities for gender lens investors.

Next, the Landscape Overview dives into gender lens investing approaches and compares gender-disaggregated data from the microfinance sector database to data from Kiva's loan portfolio to demonstrate the existing gaps among each of the approaches. The main sources of data that will be referenced throughout this section include:

PROJECT SAGE 3.0

In collaboration with the Wharton School at the University of Pennsylvania, Project Sage is an annual global survey of private equity, private debt, and venture capital investment vehicles that operate with a gender lens. The latest edition, Project Sage 3.0, reported the activities of 138 gender lens funds that represented USD 4.8 billion of capital raised as of December 2019. In our analysis, we particularly focused on the subset of EM-focused funds, which are represented by 77 investment vehicles.



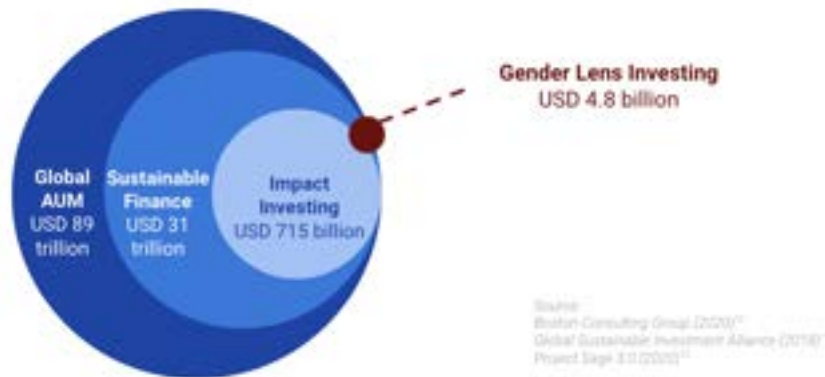
MIX (Microfinance Information Exchange) Market data has been reported by financial services providers (FSPs) targeting the unbanked in developing markets around the globe. The data were reported to MIX for inclusion in its MIX Market platform and related products for dissemination to a broad public. The FSP data points include data on financial performance and social performance. These data were collected and reported in line with broadly recognized reporting standards within microfinance and inclusive finance. While MIX collected data from MFIs between June 1999 and September 2019, for the purpose of this report, only data from MFIs that had more than USD 5 million in gross loan portfolio between 2010 and 2018 were examined which narrowed the list of MFIs from around 1500 to 700.



Kiva has borrower-level data for each loan posted on Kiva's platform, a unique feature of Kiva's model. Because of this feature, we were able to see how the landscape based on MIX Market data and Project Sage 3.0 data compares to the landscape based on our own Kiva data collected on loans posted over the past 15 years. This has enabled us to see whether the same opportunities presented by the MIX Market data and Project Sage 3.0 data exist within the Kiva landscape, so that we can tailor our GLI strategy accordingly.

GENDER LENS INVESTING ACROSS THE INVESTMENT UNIVERSE

Although a small portion of the global AUM, GLI is seen across impact investing, sustainable finance, and broader investing strategies.



LANDSCAPE BY ASSET CLASS

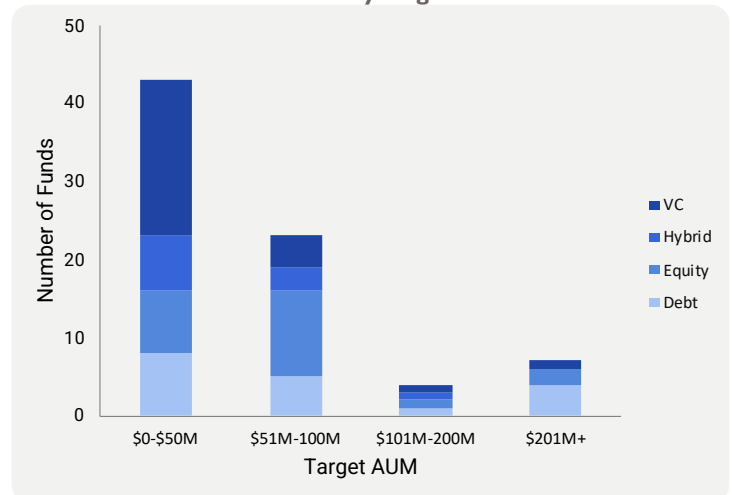
As the focus on gender inequality has grown in both political and social spheres around the world over the last several years, so too has the amount of capital deployed through gender-focused investment strategies. Veris Wealth Partners reported that GLI-mandated products in the public markets have grown from USD 100 mm in 2014 to USD 3.4 billion in 2019. On the private market front, Project Sage 3.0 reported USD 4.8 billion of capital raised to date in its 2019 report, up from USD 1.3 billion in 2017.

Gender lens investing cuts across markets and asset classes. Within public markets, GLI strategies are mainly executed through global and US large cap equity investments.¹ As for the private markets, over half of the funds are venture capital investment vehicles, followed by 20% in private equity and 14% in private debt.¹² The strong showing of venture capital funds is a signal that investors are paying attention to gender-focused business models, as well as the underlying market potential in differentiating women as unique clients and consumers.

From a development finance angle, it is important to highlight that 56% of private funds deploy capital in emerging markets. Most of these GLI funds are relatively small -- partly due to the size of investments that can generally be absorbed in emerging markets, and partly due to the early-stage nature of VC and PE investment opportunities. Only 11 EM-focused funds reported target AUM of over USD 100 million.

As a relatively new fund strategy, current gender lens investments will likely serve as a proof of concept to show that these ventures can generate both financial returns and impact for women. We are eager to see these successes on a large scale, including the resulting ability of these businesses to absorb more capital, bolstering the growth of their gender-focused business models.

EM-focused GLI funds by target AUM & asset class



Source: Project Sage 3.0

LANDSCAPE BY GEOGRAPHY

Below we compare regional diversity of funds with regional diversity of where lenders at Kiva choose to place their capital to effect change.

The first map shows the regional distribution of gender lens funds that invest in emerging markets. Seventy-seven percent of funds reported a single-region investment focus, with Africa and Asia leading the chart. GLI funds that invest across multiple regions represent 23% of funds.

Due to varying social norms and legal constraints, financial inclusion varies across regions. On average, across OECD countries, 17% of women have borrowed from a financial institution, compared to just 5% in Tanzania and Zimbabwe. Regardless, women are financially excluded in every region of the world and investors who are executing global strategies should leverage learnings across contexts to identify relevant solutions that work well and can be adapted to meet the needs of women in multiple regions. Understandably, 95% of PE funds are single-region focused, given their active involvement in the portfolio companies.

Regional allocation by number of EM-focused GLI funds



Source: Project Sage 3.0

LANDSCAPE BY SECTOR

We also identify the sectors in which GLI capital are most commonly deployed in emerging markets.

Agriculture ranks as the top sector, followed by **Education, Financial Services and Healthcare** (tie at second place). The table below shows the breakdown of the top sectors by asset class. For Venture Capital, sectors are typically approached from a technology angle, including FinTech, AgTech, and EdTech..

Rank	Venture Capital	Private Equity	Private Debt
1	Financial Services (Fintech)	Education / Healthcare	Agriculture
2	Agriculture / Healthcare		Energy & Environment
3		Food / Consumer Products	Water & Sanitation

Source: Project Sage 3.0

Investing in women has long been a key development finance goal. Gender lens investors most commonly state their alignment with SDG 5: Gender Equality.

We believe it is not by coincidence that the top sectors from the EM-focused funds correspond to the first 4 SDGs -- namely the "people" aspects of the goals.



The most pressing issues for women are also the most pressing development issues for the world.

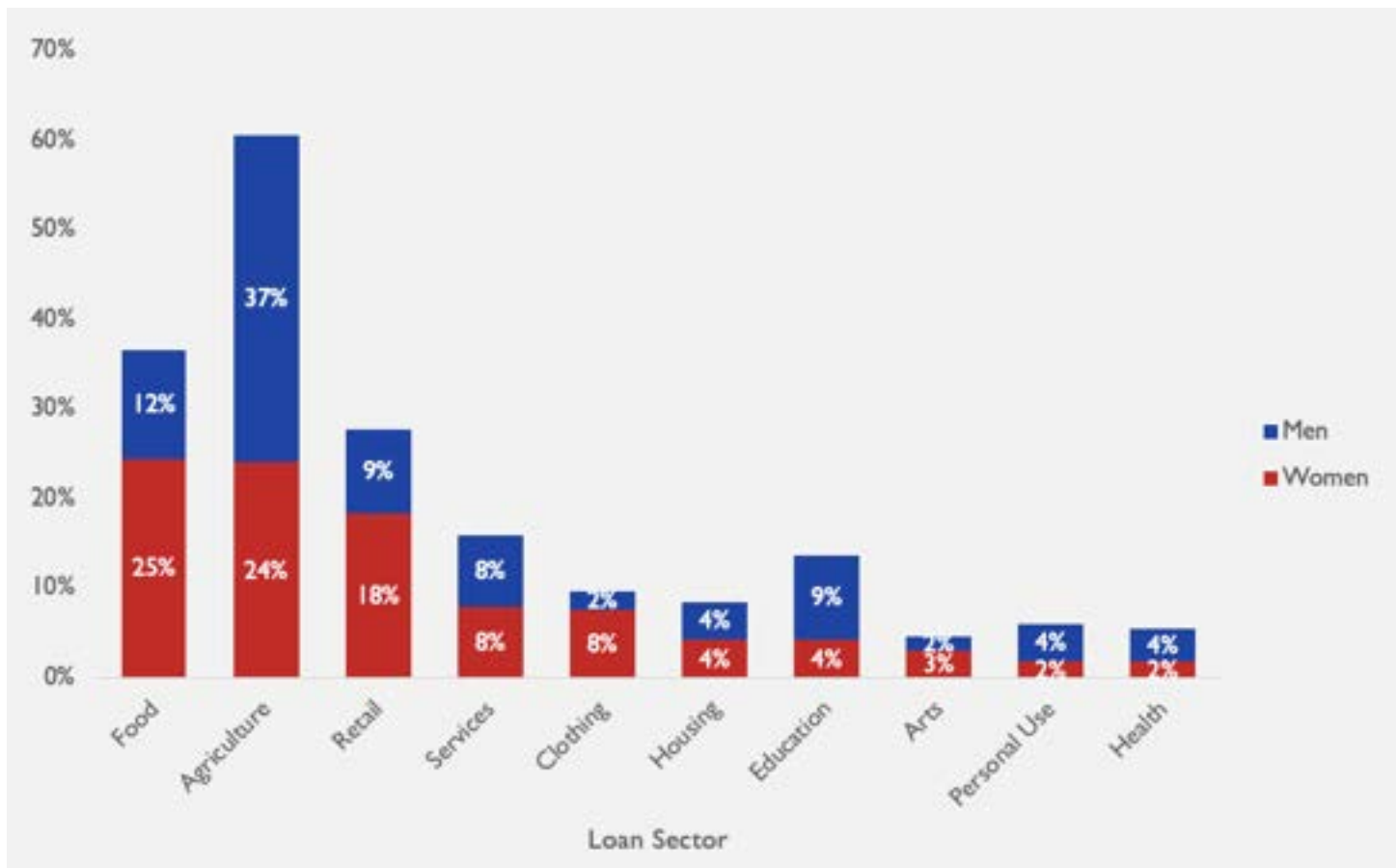
LANDSCAPE BY SECTOR

MFI LOANS TO WOMEN ARE CONCENTRATED IN FOOD, AGRICULTURE, AND RETAIL SECTORS

Microfinance is considered a subset of the Financial Services sector. It was closely associated with the goal of advancing women’s economic empowerment, even before the phrase gender lens investing was coined. Microfinance investment vehicles (MIVs) have deployed capital to financial services providers in EMs for over two decades, and they collectively represent USD 19 billion in AUM.¹³

Using Kiva data as a sample for the microfinance sector as a whole, loans to women are concentrated in sectors that tend to have a low profit margin (Food Sales/Production and Retail) or are vulnerable to climatic events (Agriculture). They are sectors that require low upfront investment and limited equipment.¹⁴

Kiva Lending History 2006-2021



Source: Kiva, as of March 31, 2021

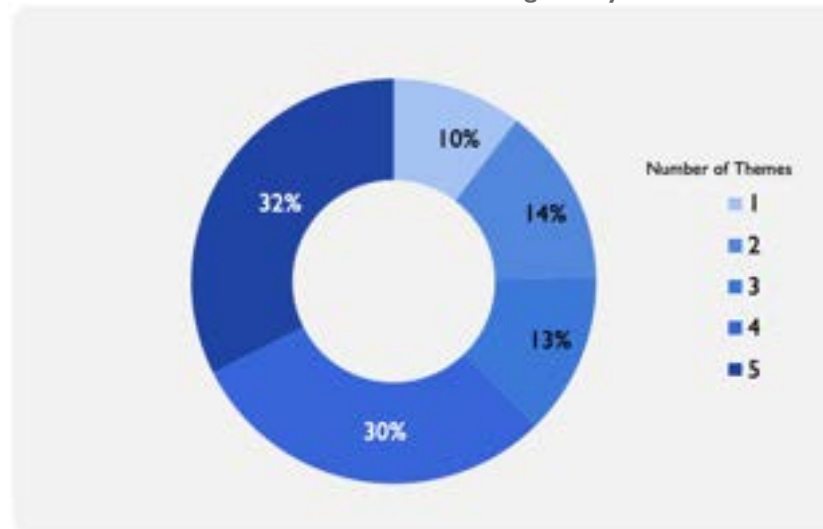
LANDSCAPE BY GLI APPROACHES

Through this landscape analysis, we also sought to understand which gender lens investing approaches would address major gaps and therefore be most impactful in our space.



Project Sage 3.0 examined the number of funds employing each of their five gender lens investing approaches (Women in Leadership/Ownership, Women in Investment Roles, Products or Services for Women, Employment for Women, and Women in the Value Chain or as Customers). In the subset of private market funds, the majority targeted 4 or more of the 5 approaches.

Number of Gender Themes Targeted by Fund



Source: Project Sage 3.0

In examining data from external sources and Kiva data from over 500 partners on the ground, it was clear that data collection on workplace equity is not prioritized and is difficult to track. This is a major gap and highlights a potential opportunity for that GLI approach to be particularly impactful in this space. The landscape for the other five GLI approaches are outlined in this section.

GLI APPROACH: WOMEN AS INVESTORS

THERE IS A DEARTH OF WOMEN AS INVESTORS ACROSS THE INVESTMENT MANAGEMENT INDUSTRY AND EVEN IN GENDER-FOCUSED FUNDS.

In investment decisions, women investors bring a unique perspective on the types of products and services women need, as well as first hand experience with policies and practices women employees need to be successful. Despite the evidence demonstrating that gender-diverse teams produce better financial results and can assess risks with a broader perspective, women remain a minority on investment teams.^{12, 13}

According to Project Sage 3.0, Women as Investors was the least common gender lens investing approach, representing 42 of the 77 funds in our subset of Project Sage 3.0 data reviewed. At Kiva, a diverse investment team, including a strong women representation at the decision-making levels, is integral to our work.

Women-managed US funds outperform all-male rivals, despite that **women led funds remain a rarity** across the investment industry in spite of a growing body of evidence that more **diverse teams produce better results**, according to a study published by Goldman Sachs in 2020 - Financial Times ¹⁵

INDUSTRY DATA

The median of women representation on Investment Committees is at 40% in EM-focused GLI funds. (Project Sage 3.0, 2019)

Women represent 4% of investors in leadership and manage only 1%-3.5% of AUM, suggesting smaller fund sizes than male-controlled assets in the overall investment management industry.^{16,17}

GENDER ON THE TEAM AT KIVA

75% Women representation on the Investment Committee (Voting members proposed for gender-focused fund)

58% Women representation on the Investment Team (Including Investment, Risk and Executive staff)

GLI APPROACH: WOMEN IN LEADERSHIP AND ON BOARDS

FEWER WOMEN OCCUPY LEADERSHIP POSITIONS THAN LOWER LEVEL POSITIONS IN MFIS ACROSS THE WORLD

In the subset of Project Sage 3.0 data, equity and hybrid funds most commonly used Women in Leadership/Ownership as their main GLI approach. Despite this, it comes as little surprise that MFIs in emerging markets, as with corporations in high income countries, lack women in leadership positions. From the analysis using MIX data of more than 700 MFIs in over 110 countries, it is clear that MFIs do not necessarily lack women employees within the organizations, but rather they lack women in client facing and decision making positions.

Approximately **twice as many** MFIs have between 40 to 60 percent of **women staff** than MFIs that have 40 to 60 percent of **women managers and board members**

Women Employee Distribution by Rank and MFI Count



Source: Microfinance Information Exchange (2010-2018)

Overall, as the ranks within MFIs increase, the percentage of women occupying leadership positions decreases. The general trend is that MFIs have fewer women than men as loan officers, managers, and board members, while the majority of staff members are women.

GLI APPROACH: WOMEN IN LEADERSHIP AND ON BOARDS

THE PROPORTION OF WOMEN IN MFIS ACROSS ALL RANKS EXAMINED DECREASES AS GROSS LOAN PORTFOLIO OF MFIS INCREASES

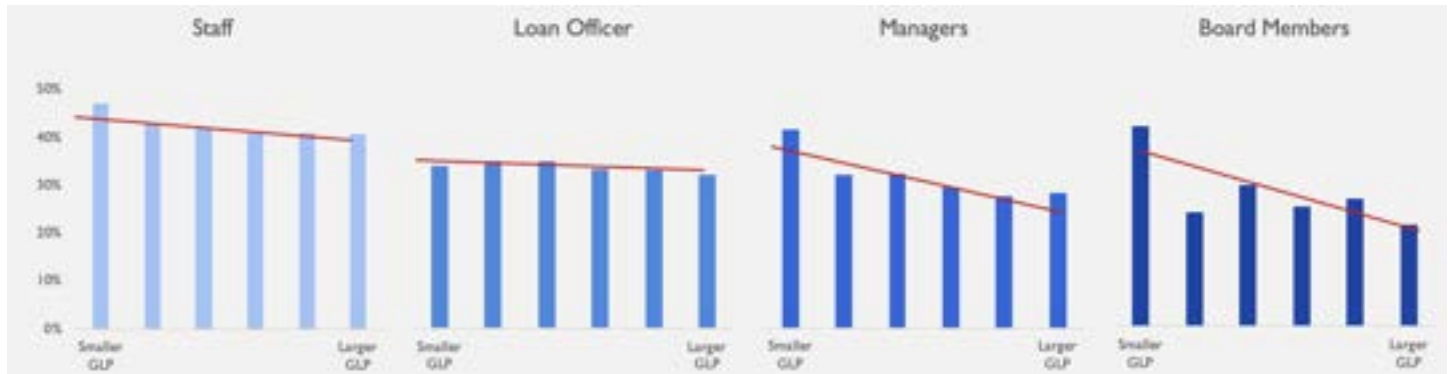
According to MIX data, as MFIs increase in Gross Loan Portfolio, there is an associated decrease in the proportion of women employees in the organizations.

This may appear counterintuitive to the narrative that as an organization grows bigger, there is an increased emphasis on women representation.

We have observed a few anecdotal experiences in which women founders and women senior management teams are replaced by men as the MFIs grew in size and transformed to regulated institutions / banks in order to bring in the “corporate bank experience” to oversee these institutions that have been growing successfully.

Larger MFIs have a **lower proportion** of women employees, managers, and board members than smaller MFIs

Women Employee and MFI Gross Portfolio Size



Source: Microfinance Information Exchange (2010-2018)

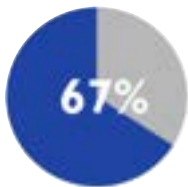
GLI APPROACH: PRODUCTS OR SERVICES FOR WOMEN

MFIS SERVE WOMEN BUT DO NOT ALWAYS HAVE PRODUCTS AND SERVICES DESIGNED TO ADVANCE WOMEN'S ECONOMIC EMPOWERMENT

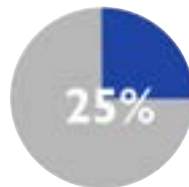
Among debt funds in the subset of Project Sage 3.0 data, products or services for women was the most common GLI approach. While many MFIs specify that one of their social goals is to target women, many do not offer non-financial products that advance women's empowerment. Of the MFIs examined in MIX data, an overwhelming 90% indicate that they target women, but only 50% of these MFIs indicate that they have non-financial products that target women's empowerment including any nonfinancial services aimed at improving the social position/independence of women, creating awareness of problems related to gender, or providing resources or tools for addressing such problems.



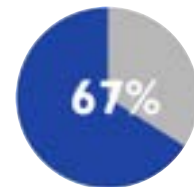
Kiva has historically partnered with organizations that have a stated mission to support women or that have a large segment of their portfolio serving women. However, even among Kiva's portfolio of impact focused partners, it is clear that while organizations are serving women, and may be offering products that have loan features that contribute to greater impact, only $\frac{1}{3}$ of those loan products are designed specifically for women to address the unique barriers women face to financial inclusion.



Approximately $\frac{2}{3}$ of Kiva's current partners lend to more than 50% women borrowers through the Kiva marketplace.



Over $\frac{1}{4}$ of current Kiva partners lend to greater than 90% women borrowers through Kiva's marketplace.



Over 67% of loans to women on Kiva have evidence-based impact features like flexible repayments, flexible collateral, grace periods, financial education, and others but are not designed specifically for women.

There is a gap in gender-forward product design; **only one third of women borrowers on Kiva receive a loan designed for women**

GLI APPROACH: PRODUCTS OR SERVICES FOR WOMEN

INVESTORS OFFER TECHNICAL ASSISTANCE FACILITIES TO ACCOMPANY CAPITAL, BUT NOT ACROSS THE BOARD

Technical Assistance can address barriers women face in accessing financing that cannot be solved through microfinance loans alone, while also supporting FSPs in providing services that are adapted to women borrowers' needs..

We could not source statistics around gender-lens related technical assistance in the market. As a proxy, we note that 14 out of 87 Microfinance Investment Vehicles offered technical assistance to their portfolio companies, at an average of USD 254,000 in TA expenses per fund.¹³ Looking at the broader impact investing space, 8 out of 157 funds reported the receipt of technical assistance grants from the public sector to complement their investment activities.¹⁹

While these data points do not account for the pre- or post-investment support provided directly by investors to their portfolio companies, we still see an opportunity for stronger gender lens investing through expanded technical assistance.

KIVA TECHNICAL ASSISTANCE

Kiva provides targeted technical assistance as funding opportunities arise. In one recent example, Kiva has partnered with the United Nations Economic and Social Commission for Asia and the Pacific and two lending partners to identify gender-smart loan features that can enable women entrepreneurs to grow businesses in the COVID-19 era.

As part of this technical assistance project, Kiva supported Chamroeun Microfinance in Cambodia and SPBD Microfinance in Samoa and Fiji to develop and administer a borrower survey to women clients to better understand how COVID-19 has affected women and their businesses, as well as identify potential opportunities for MFIs to adapt product and service offerings to continue advancing women's economic empowerment during this challenging time.

Supporting partners to bring client voice into the design of products and services is crucial to understanding and addressing barriers to financial inclusion.

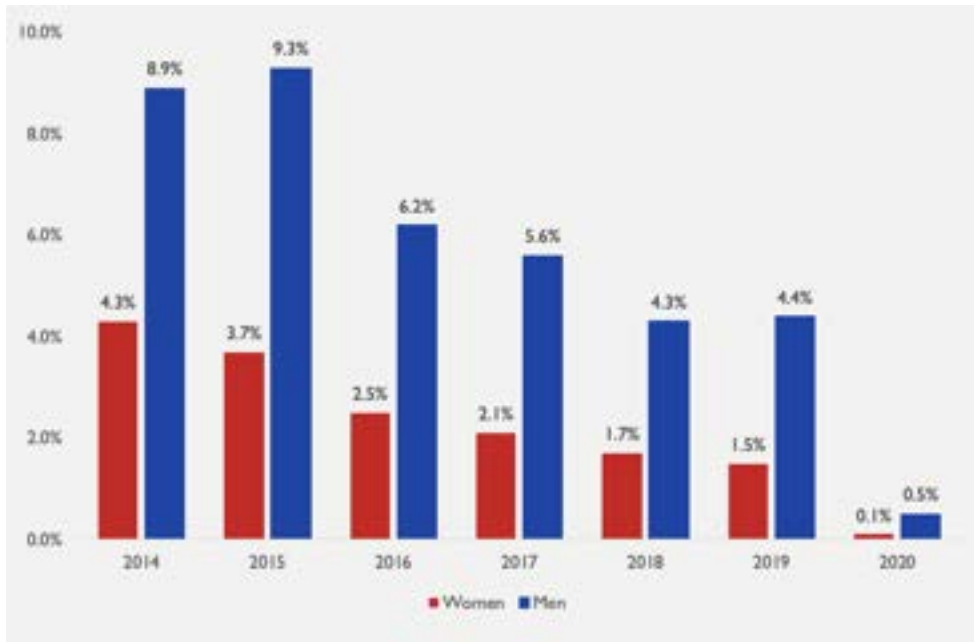
GLI APPROACH: UNDERSTANDING WOMEN AS CLIENTS

THERE ARE KEY DIFFERENCES IN CREDIT USE AND REPAYMENT BEHAVIOR ACROSS GENDER

Kiva's data echoes the financial inclusion industry trend whereby women demonstrate superior repayment performance relative to men (terms being equal), but do not access increased loan sizes or longer credit terms than men. More research is needed to determine whether this lack of growth is due to lack of demand from women borrowers, policies at lending organizations that lead to this outcome, or the societal context, but it does seem to indicate that there is opportunity to explore how to better utilize this positive risk track record.

Male borrowers **are twice as likely to default** on loans raised on Kiva's platform than women borrowers

Percentage of Loans Defaulted by Gender
(Shown by year loan raised)



Across 15 years of history, the default rate for women is 2.5% compared to 5.1% for men. Loans to women performing better than men is consistent controlling for loan tenor and loan amount.

The historical repayment rate for women is over 98%, yet there is a general perception in the financial industry that women are still risky because they tend to lack collateral and access to resources.

Loan Amount (USD)



Women \$740
Men \$803

Average Tenor (Month)



Women 12.99
Men 16.45

Average loan amount for women on Kiva has also shown a downward trend year over year from \$857 average loan amount in 2013 to \$700 in 2020.

GLI APPROACH: UNDERSTANDING WOMEN AS CLIENTS

MEASURING IMPACT

Among impact funds more broadly, how impact for women is measured varies considerably (GIIN, 2018). Funds that invest in financial services often state their impact goal is to provide financial access to lower income populations, with a majority women client base -- loosely aligning with the “Products & Services for Women” or “Women as Clients” GLI approaches.

Across the metrics collected, gender output metrics at the borrower level, demonstrating “Women as Clients”, tend to be most common, while some funds also reported on “Products & Services for Women.” In general, metrics utilized are primarily at the output-level, and most funds do not capture outcomes or long-term impact.

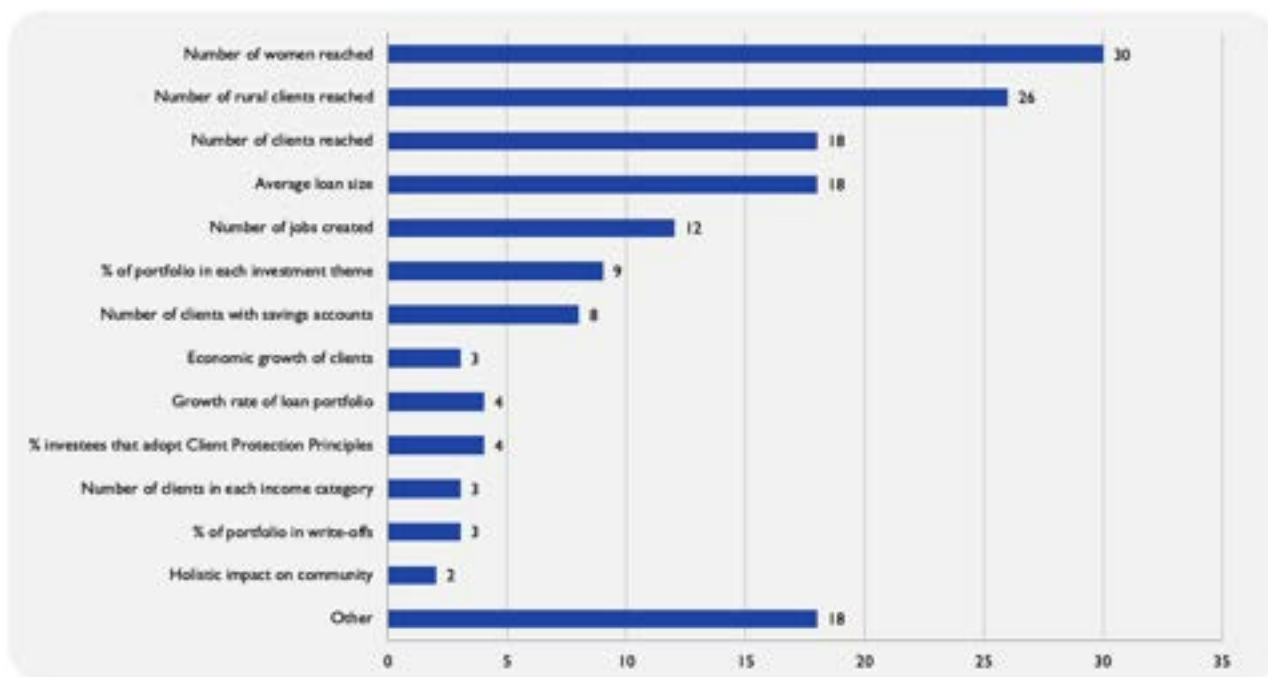
Most Common Metrics:

- Almost all funds track the number of women end borrowers that accessed the loan products
- Most funds track average loan size received by the women end borrowers
- Some track additional products like savings accounts, insurance policies offered by MFIs in their portfolio; these statistics are generally not reported as disaggregated data.

Less Common Metrics:

- Few funds track the economic growth or income of clients, and only a handful track “impact on community”
- Few funds examine how their portfolio companies become more or less gender-forward over time
- Gender-disaggregated data on impact metrics are rarely reported to investors systematically

Impact Metrics by Number of Financial Services (incl. Microfinance)



Private Debt Investment Funds (n=37)
Source: GIIN, April 2018²⁰

LISTENING TOUR

APPROACH

We sought to supplement the data analysis presented in the landscape section of this report with qualitative data collected through key informant interviews. We therefore embarked on a Listening Tour where we solicited input from three key stakeholder groups:



Gender Experts

- Gender Lens Investing Experts
- Development Finance Experts
- International NGOs
- Technical Assistance Advisors
- Strategy Consultant Advisors
- UN Agency

24 participants from 19 organizations interviewed



Investors

- Development Finance Institutions
- Private Wealth Advisors
- Corporate Foundations
- Private Foundations
- Family Offices
- Donor Advised Fund Sponsors

38 participants from 26 organizations interviewed



Investees

- Microfinance Institutions
- Microfinance Networks
- Social Enterprises and Entrepreneurs
- Regional Investment Networks
- Private Equity / Private Debt Investment Managers

23 participants from 19 organizations interviewed

The interviews with stakeholders and survey responses from investors played a critical role in shaping our understanding of the current gaps and opportunities and provided nuance that could not be garnered through secondary data sources alone. Insights drawn from these stakeholder groups are organized in two sections: **Gaps & Challenges** and **Opportunities**.

GAPS AND CHALLENGES OVERVIEW

To understand what is lacking in gender lens investing, we asked each stakeholder group about the gaps and challenges they see in the space. Questions included:

Gender Experts

- What are the biggest barriers for women in accessing financing?
- What questions do you have about GLI that you hope will be answered as more investors delve into this space?

Investors

- Have you identified any areas that can support gender that you find lacking or missing capital beyond financial services?
- What do you think are the biggest barriers for financial institutions looking to invest in women?

Investees

- In the current product offerings, are there any product features, or any piece of the credit screening process that make it difficult to attract or serve women borrowers?
- Where do you most often see gaps in capacity or knowledge when it comes to gender equality or women's economic empowerment?

Each stakeholder group identified gaps and challenges unique to their own group. However, some themes did emerge across groups:



Data collection and analysis

All three stakeholder groups highlighted data collection and analysis as a challenge. For gender experts and investors, the lack of outcome-level data was emphasized. For investees, it was noted that SMEs often lack the resources necessary to collect outcome-level data.



Early stage investments

Investors and investees both noted that investing in early stage investments is challenging. Investors stated that early stage companies often don't have the resources necessary to prioritize gender equality, while investees stated that there was a lack of capital available to them in the early stages of their business journey.



Social norms

Both investees and gender experts highlighted the challenge of existing gender norms on financial access for women and how capital can only do so much to shift these norms.

The gaps and challenges presented in this section should be considered when designing investment strategies and GLI approaches to ensure they are designed in a way to overcome existing barriers.

GAPS AND CHALLENGES: GENDER EXPERTS

Although gender lens investing has grown in popularity over the past decade, implementation of a gender lens at the investee level has varied considerably. For investees in the financial inclusion sector specifically, gender experts identified four main categories of challenges faced when working to incorporate a gender lens.

Data Collection

- Limited collection of gender disaggregated data
- Focus on output-level data instead of outcomes

Targeting

- Limited knowledge of how to tailor products to actually work for women
- Growing, but still limited client voice
- “Pink products” and not holistic gender perspectives

Intersectionality

- Few gender lens investors have considered or prioritized an intersectional approach

Looking internally

- Poor implementation of gender-forward policies and practices
- Limited women in leadership across organizations
- Need for intentionality and prioritization

*“Everyone says the word intersectionality and thinks it should be applied in theory, **but doesn’t know how to do it in practice**”*

- Gender Lead at Global Development Think Tank

*“**We cannot have women-only products**, the financial institution needs to be able to make money on a product. [Using] a human centered design approach may lead to a very good product that more people need or want. If we consider issues that affect women, they likely also impact certain populations of men who are also marginalized.”*

- Programme Management Officer at UN Agency

GAPS AND CHALLENGES: GENDER EXPERTS

Globally, women's jobs and livelihoods have been disproportionately affected by COVID-19 due to underlying gender inequalities. These same gender inequalities have made it challenging for women to access financial services, even pre-COVID. Some barriers to accessing financing according to gender experts from the Global Listening Tour include restrictive social norms; limited literacy; gender biases; and a lack of assets among women. Products and services hoping to improve access to finance for women should look to address or mitigate these barriers.

Social Norms

- Women tend to be concentrated in industries that can be based out of their home, limiting profit potential
- Travel, negotiating, and business partnerships all present potential threats to women
- Male family members, often needed as guarantors for loans, have more household and business decision-making power, even though a loan may be taken out in a woman's name, she may not hold decision-making power over how that loan is used
- Adverse feelings to women's economic independence

Literacy

- Limited literacy among many women borrowers
- Limited financial literacy among many women borrowers
- Limited digital literacy and access to digital tools
- Limited literacy (of all types) is often coupled with lack of trust in financial institutions

Biases

- Explicit and unconscious biases towards women and women from minority groups exist within financial institutions and credit approval processes
- Less systematic processes, more common in smaller institutions, can lead to more biases
- Regulations, laws, and social norms are biased against women's entrepreneurship and ownership of property

Lack of assets

- Women have limited collateral that is often necessary to secure a loan
- Land is the most common asset and is typically passed along patriarchal lines
- Women lack other financial assets
- Women are less likely to own mobile phones

GAPS AND CHALLENGES: INVESTORS

Many of the challenges faced by investors in pursuing gender lens investing strategies are also identified in the journey of impact investing. We explore the hurdles and highlight the areas unique to a gender lens approach. We start by looking at challenges in direct investments, and then for investors who pursue fund investment strategies.

CHALLENGES FACED BY INVESTORS IN DIRECT INVESTMENTS

Stages of Companies

- Investors in seed and early stage companies observe more challenges in their portfolio companies with women founders to raise follow-on capital.
- Early stage companies may not be able to commit to or meet certain gender-related thresholds (e.g. % women in their value chain) when business survival is a priority.
- More established companies face hiring challenges to maintain gender equity in their workforce as they formalize business units and seek senior leaders with applicable experience.

Data and Impact

- Depending on the business models, it may not be possible to collect information about the end user, who is not the customer registered with the businesses. Some of these examples include solar home systems, mobile phones, microfinance loans, etc.
- Portfolio companies may be reporting gender-disaggregated data per investor requirements but may not take the next steps to identify the why in the data. Some lack experience to analyze gender data to lead to better outcomes.

Investment Criteria

- While positive screens help to build a portfolio that has met certain gender lens thresholds (a positive step in itself), passing the threshold does not necessarily mean the portfolio company is focused on effecting positive change on their women stakeholders.

CHALLENGES FACED BY INVESTORS IN FUND INVESTMENTS

Gender Lens Strategies

- Gender lens investing is still a nascent investment strategy. Investors are faced with funds defined as gender lens fund adopting different approaches or criteria.
- Fund managers promote gender lens or DEI strategies but lack the diversity at their own organizations and investment teams, and leadership.
- Similar to impact investing funds, gender lens funds may combine concessionary capital or technical assistance to further its impact strategy and reach. Investors need to navigate the potential complexity of the structures and see to the long term sustainability of the investment thesis.

Impact Reporting

- Investors indicate a general lack of depth in gender impact outcomes across investment options in the current market. This gap is not unique to gender lens investing -- for gender lens investing, an extra step is required for impact outcomes to be disaggregated in order to capture the potential difference in impact on specific groups of customers or workforce.
- Investors find it challenging to collect gender-disaggregated data with consistent depth and breadth from a large number of investments. Further, the hurdles compound when investors attempt to unify gender data across a portfolio of companies of different sectors or business models.
- Serial Impact Investors seek learnings that can be applied to other industries / sectors.

GAPS AND CHALLENGES: INVESTEES

The Global Listening Tour conversations with Microfinance Institutions, Women Founders of SMEs, and MFI clients, illustrated that while each stakeholder group faces specific barriers, they also share some common challenges. Three key themes emerged from the conversations and research: the design and availability of financial products is a challenge across the ecosystem at every level, there are specific limits to the change that capital alone can affect, and understanding the interwoven challenges the societal context presents is crucial to understanding and overcoming gender related barriers.

The ongoing COVID-19 pandemic is causing new challenges across the ecosystem: lockdowns make it challenging to run businesses for all stakeholders, payment moratoriums cause liquidity challenges for MFIs, and there is strong demand across investee types for more flexible, patient capital at a time when investors are tending to pause new investments and adopt a “wait and see approach” rather than deploying capital.

KEY CHALLENGES IN ADVANCING WOMEN'S ECONOMIC EMPOWERMENT

	MICROFINANCE INSTITUTIONS	MFI CLIENTS	SMES WOMEN FOUNDERS
FINANCIAL DESIGN	<p>There are limited financing options available to MFIs. Senior debt is the most common instrument available in Africa and LATAM. Hedging $f(x)$ is a large additional expense.</p> <p>Traditional financing makes it difficult to take risks, ie. testing new gender forward loan products.</p>	<p>The majority of loan products available in the market are not designed for women, even if they are primarily used by women. MFIs often don't take client needs or feedback into the product design process.</p> <p>Affordability of debt and lack of choice remains a huge issue for women.</p>	<p>Many women founders interviewed reported a gap in funding at the early stages of their companies' journeys.</p> <p>The perception was investors wanted more aggressive growth projections or didn't see value in targeting women market segments.</p>
LIMITS OF CAPITAL	<p>Capital alone, specifically debt capital, will not solve the challenges at either a gender policy level or serving women clients. There is a need for TA and key decision makers to see a business case for gender mainstreaming. Gender has to be incorporated with profitability.</p>	<p>Financial inclusion can't mean access to capital alone. Access to credit is not a silver bullet.</p> <p>Wrap around services (insurance, savings, financial literacy training, business development services) all contribute to overall financial health and the ability to mitigate economic shocks.</p>	<p>SMEs often lack access to services to conduct market research, analyze their customer segmentation, and understand their acquisition costs and lifetime value all of which contribute to profitability and scale. Women led SMEs, because they receive less investment capital in general are even more disadvantaged in doing key customer research.</p>
SOCIETAL CONTEXT	<p>MFIs tend to be legacy institutions with embedded cultural norms.</p> <p>MFIs may have a negative perception of gendered policies ie. an institution might perceive maternity leave to be expensive.</p>	<p>Prioritizing physical and psychological safety factors into women's decision making around if they grow their business or instead make other investments more focused on the family (education, housing, food etc) Traditional gender roles including the lack of financial privacy may influence behaviors or result in diversion of funds to men's enterprises.</p>	<p>Women entrepreneurs and value chain actors have less visibility than their male counterparts.</p> <p>Women founders have less access to investors, they may also face bias at the investor level or within the investment process itself.</p>

OPPORTUNITIES OVERVIEW

To understand where there is potential for impact in gender lens investing, we asked each stakeholder group about the opportunities they see in the space. Questions included:

Gender Experts

- Have you seen the successful use of an intersectional lens in GLI?
- Have you seen any innovations in gender lens investing that have been successful, have the potential to be successful, or would be interesting to attempt on a larger scale?

Investors

- Imagine a gender lens investing strategy that would exemplify / strongly reflect your organization's impact investment goal, what key elements would we find? What would that look like?
- Does your organization offer non-investment support (guarantee / grants) to advance women economic empowerment?

Investees

- How has technology broadened or deepened financial access and inclusion for women? What do you think the trends will be over the next 5 years?
- If a lending partner had the opportunity to offer a new loan or financial product that could increase access for women in a way that they currently cannot, what would that product look like?

Each stakeholder group identified opportunities unique to their own group. However, some themes did emerge across groups:



Technical assistance

All three stakeholder groups highlighted the need for technical assistance. Investors and gender experts saw an opportunity in coupling capital with the provision of technical assistance. Investees noted that technical assistance to build digital capacities could be particularly impactful.



A comprehensive approach

Both investors and gender experts recommended the use of multiple gender lens investing approaches. By being open to the use of multiple approaches, investors will be better able to apply a gender lens in the most impactful way for each particular investment.



Data collection

As highlighted in the gaps and challenges section, the sector has a long way to go in terms of data collection. Opportunities for data collection include lean data assessments, more gender disaggregated data, and use of data to inform policies and product design.

Although the gender lens investing space has grown and evolved considerably over the past decade, there are still many opportunities for investors to improve on how they apply a gender lens and the recommendations presented here should be acted upon.

OPPORTUNITIES: GENDER EXPERTS

Gender experts were excited about the abundance of opportunities that GLI offers. Employing multiple GLI approaches in an intersectional manner was a key theme that emerged. Beyond that, targeted trainings and technical assistance were seen as key components to accompany the provision of capital.

Employ Multiple GLI Approaches

The overwhelming opinion among gender experts is that a comprehensive approach to gender lens investing will be most impactful. By using a variety of gender lens investing approaches, investors will be able to meet the investee where they are in their journey to implementing a gender lens and help investees to improve in areas where they may not have previously had the capacity or resources to address.

Women in Leadership was consistently mentioned as a key GLI approach.

“Women representation in the organization is key. Once you have [women] in management positions, the way products are designed and the discussions being had are changed. MFIs will always have women in their portfolios, but **pushing to increase gender equality within the MFI at management and board level will be super impactful.**”

-Independent GLI Consultant

Gender experts and the data show that there are also clear gaps in organizational policies and practices that support women and products and services designed for women. Although investing in organizations that are already gender-forward will most confidently lead to positive impacts for women, investing in organizations with gaps in their implementation of a gender lens will likely lead to greater additionality if the investor is able to support the investee in moving from gender-blind to gender-forward.

Consider Intersectionality

In the gender lens investing space, women are often viewed as a single group, when in reality gender is just one component of a woman’s identity. Investors and investees should work to collect data disaggregated by a number of identities and tailor products, services, and investments accordingly.

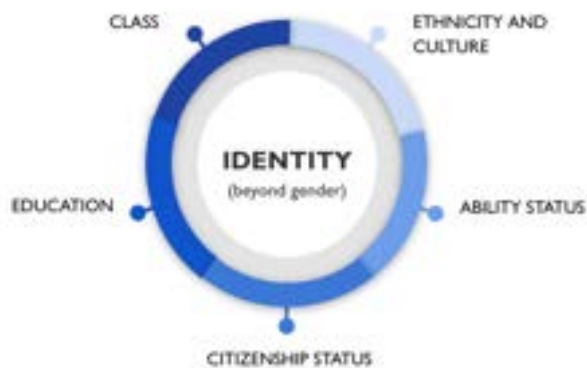
Support Training

The provision of financial products alone is unlikely to lead to the full financial inclusion of women. To address the barriers women face in accessing financial services, financing should be coupled with targeted training opportunities for women.

Provide Technical Assistance

Financial institutions often lack the capacity and resources to implement a gender lens. Investors should couple financing for financial institutions with technical assistance to demonstrate how and why the implementation of a gender lens will benefit the institution and their clients.

Example intersecting axes of identity to inform the design of products, services, and investments



OPPORTUNITIES: INVESTORS

Responding to the challenges, we have recommendations on some of the areas in which investors can proactively participate and elevate the landscape of gender lens investing. The following areas can be applied by investors who have direct touchpoints in investments (as well as examples specific to financial inclusion investments). As for fund investors, these are considerations they should incorporate as part of the fund due diligence in order to allocate capital that can generate meaningful outcomes in gender lens investing.

	GLI OPPORTUNITIES IN INVESTMENT EXECUTION	SPECIFIC TO FI INVESTMENTS
HOLISTIC GENDER THEMES	<p>Implement gender smart practices across multiple aspects of the portfolio company: promote gender equity in leadership and workforce, create stronger workplace policies, and pursue gender outcomes at the product & service levels.</p> <p>Gender equity goals should be reflected at both the portfolio company and the investment manager levels. The investment manager should embody the gender equity objectives that are set for their portfolio companies.</p>	<p>Identify areas of gender gaps in FIs in screening phase and discuss business case to advance their gender practices</p> <p>Shareholders represented by investors should also embody gender equity on their boards</p>
CAPITAL AND COMMITMENT	<p>In addition to providing equity or debt financing to the portfolio companies, investors can offer additional resources -- strategic guidance for equity investors, technical assistance for debt investors -- to further the gender outcomes</p> <p>Create a community for the portfolio investments, especially women entrepreneurs, mentoring/networking opportunities.</p> <p>Deal selection process focuses on companies with strong commitment to gender outcomes. Screen-in companies with expressed commitment rather than screen-out companies that do not meet a specific threshold.</p>	<p>Provide technical assistance for FI to advance gender-focused strategies</p> <p>Consider risk-tolerant capital to support the development of new financial products</p> <p>Before capital commitment, agree with FI on roadmap toward better practices as part of the financing agreement</p>
DATA AND REPORTING	<p>The number of women customers alone as an indicator is not necessarily indicative of an organization creating a positive social impact. Encourage organizations to understand their customers, starting with meaningful data collection (e.g. gender-disaggregated data)</p> <p>Encourage the portfolio company to collect and analyze gender disaggregated data at both the company (staff) level and at their customer levels.</p> <p>Discuss insights drawn from these data with portfolio companies and encourage them to capture and make use of the data to sharpen their business strategies</p>	<p>Agree on the set of gender-disaggregated data as reporting requirements that can provide insights on the financial, operational and risk management aspects of the FIs</p> <p>Encourage FIs to conduct surveys over the life of the loans to track outcome data, clients satisfaction levels and identify areas of discrepancies between genders</p>
SHARING SUCCESS	<p>Illustrate the examples (success and failures) in executing gender strategies across the portfolio. Broaden the learning.</p> <p>Gender lens approaches can be adapted further for additional intersectional lens.</p>	<p>Offer a platform for FIs and/or regulators to share learnings of successful gender-forward strategies</p>

OPPORTUNITIES: INVESTEEES

The challenges of how to advance financial inclusion and economic empowerment for women are multi-dimensional and cannot be solved by a gender lens investing strategy alone. However, there are key needs areas where capital providers can make an impact in the ecosystem. Gender lens investors have the resources and ability to help organizations disaggregate their data by gender, to bring in experts to co-design products and delivery channels using human centered design with a gender lens, and facilitate access to tools and strategies to address unconscious bias in investee organizations.

Increasing visibility of women

It is impossible to address gender-related inequalities if women are not visible. Helping organizations to better understand the role women staff, customers and value chain actors play in their business model is a key first step to identifying areas of value and more targeted interventions.

Data has power. For example, learning that women employees have higher retention rates or that women clients are less of a credit risk can improve organizations' sustainability.

Digital Inclusion

Digital financial services, both savings and credit, offer a lot of promise for helping to solve challenges that women face in accessing financial services in that they can be accessed without traveling to a branch, give women ownership, and privacy.

However, women are more likely than men to not have a device, or share one device in a family, so digital financial services need to consider digital literacy and digital inclusion alongside financial inclusion.

Addressing unconscious bias

Bias is inherent across organizations; from investment decisions to , stereotypes about what women will and will not do, such as, ride a motorcycle to visit clients or prioritize household responsibilities over their role.

There is an opportunity to provide tools and training to help organizations identify biases and learn more on how these biases may affect their progress towards gender equality in their staff and clients.

Product research and design

Lean data is an affordable way to tap directly into the client experience and can be a valuable source of insights.

Using lean data services like 60 Decibels to understand the real needs and priorities of clients, and have that data inform product design and wrap around services, would be a powerful way to use women's stories to unlock economic empowerment rather than investors determining what women need.

THE POWER OF CLIENT CENTERED DESIGN

Assilassimé Solidarité offers financial support, financial literacy and business training, and broader social support for vulnerable individuals living in Togo, over 90% of their clients are women.

Assilassimé was keen to understand and respond to the impact of the Covid-19 pandemic for their borrowers. This required a rapid lean data survey in order to quickly learn and adapt products and services to meet emerging needs during the crisis. The research was supported by a consortium of partners including Kiva. Assilassimé believes that integrating client voice is an important part of effective service delivery, certain that listening to their customer base helps with client retention: 'if we are not listening to them, it will be very difficult to retain them - acquiring new clients costs more than the loyalty of existing clients.'



Assilassimé Kiva borrowers in Togo

OPPORTUNITIES: MEASUREMENT

Impact measurement in gender lens investing, as with impact investing more broadly, has mainly focused on output level data, such as the number of women reached, amount invested, or geographic location of investments. From an investor perspective this type of data does not paint a compelling picture. From an impact perspective, output data alone makes it challenging to understand the true and long term impacts of an investment and the mechanism through which those impacts came to be.

Investors and gender experts have suggested four areas where measurement could be strengthened for gender lens investing:

FINANCIAL SERVICE PROVIDER IMPACT

Business case

The business case for women in leadership is clear. The business case for investing in tailored products and services for women is less clear. This could be strengthened through robust measurement.

Progress over time

As companies bring on more women in leadership positions how does that change the products and services they offer and the internal policies and practices of that organization? Tracking these effects over time could lead to an interesting story.

Alignment

IRIS+, the SDGs, and other frameworks present an opportunity to align impact measurement across portfolios. By using these existing metrics, it will be easier for various stakeholders in the gender lens investing space to examine differences in outcomes.

BORROWER IMPACT

Borrower Voice

Lean data provides the opportunity to integrate borrower voice at scale in decision-making and design of products and services.

Non-Financial Outcomes

Outcomes that demonstrate how an investment impacted women's lives, beyond business and financial outcomes, are not regularly being tracked. Complementing output tracking with longer term outcome tracking could demonstrate this impact more clearly.

OUTCOME EXAMPLES

Outcomes that align with the IRIS+ framework and which investors thought would be compelling to track included:

- Jobs Created at Directly Supported/Financed Enterprises (disaggregated by gender)
- School Enrollment (of children of end beneficiaries)
- Client Individuals: Provided new Access (to healthcare)

CONCLUSION

As interest in gender lens investing has grown significantly over the past few years, an increasing number of resources demonstrating the business case for GLI and tools to implement GLI have become available to support the growing community. We must capitalize on this momentum and continue to bring rigor and innovation to the evolving field of GLI to combat the even more acute challenges women face in this COVID era.

Our landscape report explored the gaps and challenges, as well as the opportunities, in executing targeted GLI strategies to advance women's economic empowerment. The analysis zeroed in on GLI within the Microfinance ecosystem in emerging markets.

*While Microfinance has been a driver of economic opportunities for underserved women globally for more than two decades, we show **that a more holistic gender lens needs to be applied across all areas of microfinance** to generate the amount of impact that is needed to truly advance financial inclusion for women.*

In synthesizing existing data and feedback from key stakeholders including investors, gender experts, and practitioners in microfinance, common themes emerged on the core components needed to design and execute an effective gender lens investing strategy. Many of these core components are applicable to SME financing and broader women's economic empowerment investment strategies:



Adopting a Holistic GLI Approach: Adopt multiple GLI approaches that are applicable to the investments. A comprehensive set of GLI approaches enable the strategies to work in concert, reinforcing one another and leading to lasting impact.



Collecting Better Data - From Output to Outcome: The GLI space needs to move beyond simply counting the number of women reached. Discuss insights drawn from gender-disaggregated data with portfolio companies and encourage them to capture and make use of the data to sharpen their business strategies. Complement output data with outcome data to understand the long term impacts of an investment. Without the systematic collection of outcome data across investments, we will not be able to truly understand what works and what doesn't work in microfinance to advance women's financial inclusion.

CONCLUSION



Understanding Intersectionality: Gender is just one aspect of a woman’s social and political identity that leads to financial exclusion. For GLI to be truly successful in advancing financial inclusion for women, products and services must be designed to address barriers that women face due to other aspects of their identity. Intersectionality is often talked about in “developed” markets, but especially in emerging markets women from racial or ethnic minority groups, women living with a disability, women refugees, and a host of others face compounded barriers to financial inclusion. The GLI space has a long way to go to understand and implement an intersectional lens alongside a gender lens.



Providing Capital with Additional Support: Companies often lack the capacity to implement a gender lens in their operations, products, and services. For women entrepreneurs, business training and mentorship programs can level the playing field and lead to better financial outcomes for women and their businesses. Capital coupled with non-financial resources, including technical assistance, can improve both investment and impact outcomes.

We hope our findings will be useful as a guide to generating better outcomes for women. We conducted this analysis during the COVID-19 pandemic, which has magnified the challenges faced by women and, in many cases, widened the gender gaps. We look forward to continuing on our journey towards understanding the most effective, impactful, and scalable ways to invest with a gender lens and plan to share our learnings as we implement these findings in our own strategies.

*We call on the broader GLI space to **continue sharing successes and failures** to understand what truly works to advance impact for women.*

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16. "When Will We See More Gender Equality in Investing?" Harvard Business Review, March 2019. <https://hbr.org/2019/03/when-will-we-see-more-gender-equality-in-investing>
17. "Gender Lens Investing Landscape - East and Southeast Asia." Sasakawa Peace Foundation, July 2020. https://www.spf.org/en/global-data/user50/gender_investmen_report.pdf
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20. "The Financial Performance of Impact Investing through Private Debt." GIIN & Symbiotics, April 2018. https://thegiin.org/assets/Financial%20Performance%20of%20Impact%20Investing%20through%20Private%20Debt_web_March%202018.pdf

APPENDIX: COLLECTED READINGS

Landscape:

Gender Lens Investing

[Calvert: Gender Lens Investing Resources](#)

[Cambridge Associates: GLI Impact Opportunities Through Gender Equity](#)

[CDC & IFC: A Fund Manager's Guide to Gender-Smart Investing](#)

[Criterion Institute Resources](#)

[GIIN's Gender Lens Investing Initiative and Working Group](#)

[Sasakawa Peace Foundation GLI Landscape, East and Southeast Asia, 2020](#)

[US SIF: Investing to Advance Women, A Guide for Investors](#)

[Value for Women: How to Invest With A Gender Lens, 2020](#)

Impact Funds

[Symbiotics Private Asset Impact Fund Report, 2020](#)

Microfinance

[Microfinance Information Exchange \(MIX\)](#)

[Symbiotics MIV Survey, 2019](#)

Frameworks, Measurement, Evaluation:

[2X Challenge](#)

[Operating Principles for Impact Management](#)

Networks:

Gender Smart Enterprise Assistance Research Coalition ([G-SEARCH](#))

GenderSmart Global Investing Summit ([2021](#))

Social Performance Task Force ([SPTF](#))

United Nations Principles for Responsible Investment ([UN PRI](#))