STARTING A CONVERSATION

Merida, February 2020
WHAT DOES GENDER LENS INVESTING MEAN?
The key idea of Gender Lens Investing (GLI) is that investments can simultaneously generate financial return and advance gender equality.

GLI is an investing approach that deliberately incorporates a desire to make a difference in the lives of women and girls, while meeting the risk and return objectives appropriate for an institutional portfolio.

GLI is the practice of deliberately incorporating a gender analysis into a financial analysis in order to get better outcomes.
THE THREE KEY GENDER LENSES ARE:

1. Investing in women-led businesses

2. Investing in companies supporting gender equality in the workplace

3. Investing in companies developing products and services that positively impact women.
Total funds raised by private equity vehicles with a gender lens has cleared $2.2 billion in 2018, up from $1.3 billion in 2017.

The 2019 “Powering Potential” report from BNY Mellon and the U.N. Foundation found that bringing women’s access to financial services to parity with men’s could generate $40 billion a year in new revenues.

Women-run small and growing businesses make up 30% of registered global businesses yet only one in 10% have access to the credit they need, suggesting a $285 billion opportunity.

In 2018 Project Sage, an initiative of Wharton Social Impact tracked 87 gender lens funds (up from 58 in 2017) that backed 828 companies.

Closing the gender gap would contribute US$28 trillion to global GDP, a 26% increase in global economic output. McKinsey forecasts a GDP annual growth of $2.6 trillion for Latin America in 2025 if women were to participate in the economy identically to men, this is an additional 34% of the GDP.

Why Gender Lens Investing is Rapidly Becoming a Key Criteria for Many Investors

“We’re at a crucial tipping point. We need to make it easier for more investors to access financial vehicles and platforms with a gender lens. And we need to educate businesses on why it’s in their benefit to promote gender equality in their own business.”

“There is a groundswell growing from investors as well as demand from those seeking capital and new partnerships, and the opportunities are becoming more present. If we continue at this rate then we could see mass adoption within five years, moving from what has been seen as a niche to the mainstream. The opportunity is real, both for gender equality and for providing sound financial returns.”

SUZANNE BIEGEL
Founder of Catalyst at Large and Global Leader in Gender Smart Investing
GENDER EQUALITY LEADS TO POVERTY REDUCTION

Women form 50% of the workforce but they only contribute to 37% of the global GDP thus gender equality is not only a social and moral imperative, but also an economic opportunity.

From 2000 to 2010, women’s increased labor force participation rates in Latin America decreased extreme poverty by 30%.
WHAT’S GOING ON IN LATIN AMERICA

The gap in access to credit for SMEs led by women in Latin America is considerable: US$5 billion for women-owned microenterprises and US $ 93 billion for women-led small and medium size enterprises (SMEs).

Lack of access to capital is perceived as the main reason for women-led businesses to fail.

The impact investment industry in Latin America has only invested 10% of funds in women-led companies.

According to LAVCA, of 78 impact investors in Latin America: 27 (35%) reported not having invested in women-led companies, while 23 (30%) reported that only 10% or less of their investments were in companies led by women.

The majority of women entrepreneurs in the region (73%) reported that they did not access financial services or have access to insufficient financial services, with respect to their needs.

Source: BID Invest, LAVCA, ANDE
EMPLOYING A GENDER LENS FOCUS HAS GROWN AND EVOLVED SIGNIFICANTLY OVER THE LAST 20 YEARS.

Several key actors such as Calvert, Criterion Institute, Global Partnerships, UBS, UN Women, Oxfam, Trillium Management, Linked Foundation, IDB, IFC, Morgan Stanley, Acumen, ANDE, OPIC, McKinsey, Women World Banking, Hivos, among many others, have already started taking part in the gender lens investing movement.

| Early leaders | Microfinance sector, community development financial institutions, NGO's have traditionally focused on women borrowers and have a strong history in LAC. Some 1,000 microfinance institutions in Latin America, managing a portfolio of US$40 billion, reaching 20 million low-income clients, mostly women and people in rural areas.
| 1993: | The Women's Equity Fund launched by Linda Pei
| 2004: | Calvert/UNIFEM Women’s Principles (early framework for UN Women’s Empowerment Principles)
| 2004: | Golden Seeds incepted to raise capital for women entrepreneurs and to encourage both women and men to become active venture investors, and work together
| 2009: | “*Gender Lens Investing*” first coined to define the deliberate incorporation of gender based factors in financial analysis.
| 2010: | IFC Banking on Women Program
| 2010: | “Landscape of Social Investing in Women,” Criterion Institute named three “common strategies to support women and girls through investing”
| 2010 to Now: | Research Papers & Publications – too many to name!
| 2018: | The Canadian government launched their Feminist International Assistance Policy, putting the topic front and center of their foreign and development policy efforts. The United States government similarly has launched multiple programs including the Overseas Private Investment Corporation’s (OPIC) 2X Women’s Initiative. At the time of the first anniversary of the 2X Women’s Initiative, OPIC surpassed its goal of catalyzing investments of USD $1 billion and now targets USD$3 billion, globally.
GENDER LENS FOCUS IN THE FOLLOWING LENSES TO CLOSE THE GENDER GAP:

- Women in leadership positions*
- Women's employment (workplace equity)*
- Women as consumers*
- Women in the supply chain*
- Women as investors
- Women’s access to capital

* (Added for emphasis)
1. WOMEN IN LEADERSHIP

Evaluate companies’ diversity and promotion policies, leadership programs, and succession planning; advance women to key decision-making positions in management and on boards.

In Latin American companies, the percentage of women at leadership levels is currently low, representing 8.5% of board members and 9.2% of top management employees in publicly listed companies.

Calvert Impact Capital study with 160 borrowers

Source: McKinsey, ANDE, Calvert Impact Capital
2. WOMEN’S EMPLOYMENT OR WORKFORCE EQUITY

Support better and more jobs and recruitment and promotion; improve company culture; seek equal pay for equal work and equitable benefits; advocate for flexible work provisions.

Investors focusing on companies where gender diversity is an important strategy are rewarded with higher returns of 3.5%.

There is global evidence of a correlation between gender diversity and superior business results and then investor returns. This is likely to be due to the benefits of diversity on group decision-making, as well as the distinct leadership skills, perspectives and experience that women can bring to the table.

Source: IDB Invest, ANDE
The McKinsey analysis of Latin America concluded that publicly listed companies with higher female representation yielded 44% higher returns on investment and 47% higher profit margins. Despite this evidence, 63% of companies in Latin America declared that gender diversity is not a strategic priority.

There is an opportunity to improve gender diversity by using diagnostic tools such as the Women’s Empowerment Principles (WEP’s) Gap Analysis Tool and obtain the seal on gender equality of the United Nations Development Program (UNDP) or international certifications such as the Economic Dividends for Gender Equality (EDGE) that will have the added benefit of attracting sustainable investment capital and also talent.

Source: IDB Invest, McKinsey
1. Establish high-level corporate leadership for gender equality.

2. Treat all women and men fairly at work - respect and support human rights and nondiscrimination.

3. Ensure the health, safety and well-being of all women and men workers.

4. Promote education, training and professional development for women.

5. Implement enterprise development, supply chain and marketing practices that empower women.

6. Promote equality through community initiatives and advocacy.

7. Measure and publicly report on progress to achieve gender equality.

Source: UNDP
Assess women’s perceptions and better understand their needs as consumers; develop women-centric markets; evaluate reach of financial institutions to provide women with insurance and personal and business financing.

**FOCUSING ON WOMEN AS CONSUMERS PROVIDES MAJOR OPPORTUNITIES FOR GROWTH.**

- **The number of women in Latin America working is expected to increase by 20MM from 2017-2030.**
- **Women control up to 70–80% of all consumer purchases, which equals $20 trillion global consumer spending.**
- **The Insurance industry at the global level could make $1.7 trillion from women alone by 2030 if it focuses on women as a market segment.**

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4. WOMEN IN THE SUPPLY CHAIN

WOMEN AS ENTREPRENEURS.
PROMOTE ACCESS TO ASSETS: CAPITAL, TECHNOLOGY, AND MARKETS; EVALUATE THE COMPANIES’ SUPPLIER DIVERSITY POLICIES TO IMPROVE OPPORTUNITIES FOR WOMEN IN THE VALUE CHAIN.

Women face disadvantages as suppliers to large anchor corporates as well as smaller businesses compared to men who have stronger access to credit, training and networks.

Women entrepreneurs in the region feel that they have been discriminated against due to their gender (27% versus 4% for men). Furthermore, 50.6% of women claim there is widespread inequality in entrepreneurship opportunities, including access to resources, adequate training, and business advice.

Source: IDB Invest and ESADE
The entrepreneurship ecosystem is relatively gender blind, and much more could be done by accelerators, incubators, NGOs and entrepreneurial networks to support gender lens investing in Latin America.

Go beyond creating specialized programs for women-led businesses to integrating gender analysis for all entrepreneurs and helping their start-ups see the benefits and implement gender lens strategies themselves.

Women-led as well as male-led businesses in Latin America can embrace gender diversity, embedding it into their start-ups as early as possible, despite scarce early resources, creating a women-friendly start-up environment.

Source: IDB Invest
5. WOMEN AS INVESTORS

Women differ from men in how they perceive wealth. They see wealth providing them with financial security and independence but once these priorities are met, women look to make a positive impact on society. Women are significantly more interested in sustainable investing than men (84% versus 67%). Global data shows that investor segments driving gender lens investing are women investors and millennials. Globally, women create, control and influence an enormous amount of wealth, upwards of US$20 trillion or 27% of the world’s total wealth and this will increase to 32% by 2020.

ONE STUDY FOUND THAT 77% OF WOMEN INVESTORS GLOBALLY SURVEYED WANTED TO INVEST IN COMPANIES WITH DIVERSITY IN LEADERSHIP, SIGNIFICANTLY HIGHER THAN HOW MEN RESPONDED.

Out of a total of 100 partners or founders of impact investing organizations analyzed by ANDE only 24% were women, and only 25% of impact investing organizations had a woman CEO.

A 2019 IFC study found that only 8% of senior investment professionals in VC and PE firms in Latin America are women.

Source: IDB Invest, ESADA IFC and ANDE
6. WOMEN’S ACCESS TO CAPITAL

Identify ways to move capital of different values and sources (e.g. microfinance institutions, banks, venture funds etc.) and types (e.g. grants, debt or equity) directly to women.

THERE IS A SIGNIFICANT AND TIMELY OPPORTUNITY TO CREATE DEDICATED GENDER LENS FINANCIAL PRODUCTS AND VEHICLES FOR THE LATIN AMERICA CAPITAL MARKETS.

Invest in women for future workforce development; improve relationships with local community; minimize risks for host communities.

Gender equality leads to poverty reduction. From 2000 to 2010, women’s increased labor force participation rates in LAC decreased extreme poverty by 30%.

Source: IDB Invest, ANDE
## A GENDER LENS DISCUSSION ENCOMPASSES A VARIETY OF THEMES AND IDEAS

<table>
<thead>
<tr>
<th>What does a gender lens strategy include?</th>
<th>+ Lenses of Gender Lens Investing</th>
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<tbody>
<tr>
<td>✓ Focus on women, but not to the exclusion of men.</td>
<td>1. Advancing women in leadership and decision making roles.</td>
</tr>
<tr>
<td>✓ Gender is a fluid spectrum and gender isn’t just about women but the freedom to express yourself.</td>
<td>2. Securing gender equity (position and pay), inclusion, and protections in the workplace for the well-being of women and girls everywhere.</td>
</tr>
<tr>
<td>✓ Acknowledging and working to break down structural barriers of a patriarchal society.</td>
<td>3. Looking for opportunities to develop or tailor products and services for the benefits and inclusions of women and girls. Spot opportunities to better serve women through sales, marketing and distribution.</td>
</tr>
<tr>
<td>✓ Gender intersects with other identities such as race, class or ability. Failure to appreciate differences assumes that how we address the status of women will benefit all women or all genders.</td>
<td>4. Addressing your value chain generating equal opportunities or promoting the incorporation of women entrepreneurs.</td>
</tr>
<tr>
<td><strong>Gender smart strategies are NOT:</strong></td>
<td>5. Increasing the knowledge, confidence and number of active women investors.</td>
</tr>
<tr>
<td>✗ Only talking about women.</td>
<td>6. Increasing women’s access to capital.</td>
</tr>
<tr>
<td>✗ That gender is binary and fixed.</td>
<td>7. Others: such as addressing urgent issues such as gender-based harassment and violence.</td>
</tr>
<tr>
<td>✗ Talking about quotas, unrelated to skill or experience.</td>
<td></td>
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<tr>
<td>✗ Saying that all women are the same.</td>
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Source: Criterion Institute: Framing Gender Lens Investing
APPLYING A GENDER LENS AT EVERY STEP

THE GENDER LENS SHOULD BE APPLIED AT EVERY STEP DURING THE INVESTMENT PROCESS.

- **Screening**: Clear leadership or commitment to one or more of the gender lenses
- **Investment Identification**: Investment Analysis and Decision Making
- **Due Diligence and Investment**: Determine gender gap during the due diligence process. Scoring against the gender indicators defined by the fund.
- **Portfolio Management**: CEO-level and board commitment for continuous progress on gender gaps identified during the due diligence and investment process.
- **Monitoring & Reporting**: Measurement and evaluation of gender metrics for reporting to stakeholders

Source: Deetken Impact
APPLYING A GENDER LENS

1. WHAT ARE THE QUESTIONS YOU WOULD ASK WITH RESPECT TO GENDER FOR EACH OF THE FOUR STAGES?
   Ex. Does the company address women customers?
   Do you have women employees?

2. WHAT IS THE DATA YOU WOULD NEED?
   Ex. Employee data? Customer data? Management data?
   Market data?

3. WHAT ARE ACTIONABLE EFFORTS THAT YOU COULD IMPLEMENT INTO YOUR FUND?
   Ex. Language in legal agreements? Hiring efforts?

Source: IFC and ANDE
COLLECTING GENDER DISAGGREGATED DATA AT THE DUE DILIGENCE STAGE CAN PROVIDE VALUABLE INSIGHTS

<table>
<thead>
<tr>
<th>% OF WOMEN LEADERS/EMPLOYEES</th>
<th>% OF WOMEN CONSUMERS</th>
<th>% OF WOMEN ENTREPRENEURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Total employees</td>
<td>+ Total customers</td>
<td>+ Total Suppliers</td>
</tr>
<tr>
<td>+ Profit and Loss roles</td>
<td>+ By product line</td>
<td>+ Categories of spend</td>
</tr>
<tr>
<td>+ Senior management</td>
<td>+ Acquisition rates</td>
<td>+ Contract Sizes</td>
</tr>
<tr>
<td>+ Board</td>
<td>+ Repeat customers</td>
<td>+ Ratio of spend</td>
</tr>
<tr>
<td>+ New employees</td>
<td>+ Share of wallet</td>
<td>+ Total Distributors</td>
</tr>
<tr>
<td>+ Retention rates</td>
<td>+ Feedback</td>
<td>+ Sales by distributor</td>
</tr>
<tr>
<td>+ Promotion rates</td>
<td>+ Income brackets</td>
<td></td>
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<tr>
<td>+ Average pay per employee</td>
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## WHAT DOES THE GENDER INQUIRY REVEAL?

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<tr>
<th><strong>GENDER RISK</strong></th>
<th><strong>GENDER OPPORTUNITY</strong></th>
<th><strong>GENDER OUTPERFORMANCE</strong></th>
</tr>
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<tbody>
<tr>
<td>(Inability to answer gender questions)</td>
<td>(Ability to answer questions about gender, even if poor results)</td>
<td>(Have gender information read and good results)</td>
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### IF THE GENDER INQUIRY REVEALS RISK AND/OR OPPORTUNITY, GENDER TERMS COULD BE CONSIDERED

- Increase women on boards by 5% per year to reach at least 33%.
- Increase women in senior management by 5% per year to reach at least 33%.
- Increase women clients by 5% per year up to at least 50%.
- Gender equality policy for all employees.
- Require a commitment to gender disaggregated data.

Source: IFC and ANDE
PRO MUJER HAS ALREADY CONTRIBUTED TO THE GENDER LENS MOVEMENT

Pro Mujer actively promotes the success of women, both externally to our beneficiaries, and also internally to our own staff.

FEMALE LEADERSHIP ALSO EQUATES TO WOMEN’S REPRESENTATION AT ALL LEVELS OF THE ORGANIZATION, CREATING A MORE ROBUST POOL OF WOMEN IN JUNIOR LEVELS TO ASCEND TO LEADERSHIP ROLES.

There are countless stories of women at Pro Mujer rising from field staff all the way to leadership.

AS OF DECEMBER 2019

✓ 68% of Pro Mujer’s staff are women.
✓ 88% of Pro Mujer’s financial clients are women.
THANK YOU!

pro mujer