EMPOWERING WOMEN, BUILDING SUSTAINABLE ASSETS

Strengthening the depth of gender lens investing across asset classes

PHENIX CAPITAL
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TIRESIA
Università Bocconi DONDENA
In collaboration with GENDER LAB - AXA Research Lab on Gender Equality
UN WOMEN

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ECONOMIC EMPOWERMENT SECTION
UN WOMEN

New York, January 2024

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ABOUT

About UN Women

UN Women is the UN organization dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

About Phenix Capital Group

Phenix Capital Group is an impact investing consultancy firm based in Amsterdam with the mission to catalyse institutional capital towards impact investments, supporting the 2030 Sustainable Development Goals. Phenix is dedicated to building the industry by equipping asset owners and managers with insights, tools and opportunities in the impact investing market. Phenix runs the most comprehensive universe of impact investment funds across asset classes, regions and themes since 2019, "Phenix Impact Database", built with the support of leading institutional investors as Founding Members.

About Politecnico di Milano | TIRESIA

Technology Innovation & Research for Social Impact (TIRESIA, also written 'Tiresia') is a research centre based in the School of Management (SoM) of the Politecnico di Milano. Their main research interests and activities include new forms of impact entrepreneurship, social impact measurement, impact finance and inclusive innovation. Tiresia produces scholarly and practice-oriented research addressing academic, policy and civil society needs. They are also engaged in advisory activities for corporations, financial institutions and policymakers.

About Bocconi University | AXA Research Lab on Gender Equality

The AXA research lab on gender equality at Bocconi University aims to improve our understanding of gender gaps and how to reduce them by examining the risks and opportunities for women in the economy through three simultaneous research streams including quantitative analysis, policy-evaluation techniques and focus on developing measures and policies designed to close the gender gap.

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FOREWORD

Gender inequality, coupled with the climate crisis, is one of the greatest challenges of our time. It poses threats to ways of life, livelihoods, health, safety and security for women and girls around the world.[1] The latest gender statistics reveal slow and unsustainable progress. At the current pace, the world is faced with the daunting prospect that the Sustainable Development Goal on gender equality and women's empowerment (SDG 5) will not be reached by 2030.

Conversely, with the full participation of women in the economy comes job creation, innovation, productivity, sustainable economic growth and the fulfilment of women's human rights. The European Institute for Gender Equality estimates that advancing gender equality may increase per capita European Union (EU) GDP from 6.1 per cent to 9.6 per cent.[2]

It has been abundantly clear that the global financial architecture needs to change, to serve people and planet. The latest estimates show that 3.3 billion people are living in countries where governments are paying more to serve debt than they are spending on health and education. And while the role of public finance is undisputed, the private sector can contribute to financing the achievement of the SDGs. As the only United Nations entity dedicated to gender equality and women's empowerment, UN Women is exploring innovative financing instruments that can accelerate progress on SDG 5 in line with the United Nations 2015 Addis Ababa Action Agenda.[3] Today's financial markets offer a wealth of opportunities to leverage financial instruments to advance gender equality and women's empowerment in the workplace, marketplace and community. With the rise of impact investing and sustainable finance, new pathways have been created and more investors are investing with a gender lens to optimize their returns on investment and reduce investment risks while contributing to reducing gender inequalities. While the market has made great strides in transitioning from governance issues to a risk focus, what is required is an increased focus on improved measurement and transparency around results and impact, as well as the volume and quality of investment capital, to advance gender equality and women's empowerment. Measures for accountability are also needed to ensure alignment with investing that has an impact on gender equality and on women and girls.

The report aims to reflect the diverse range of gender lens investing models and practices while also highlighting the potential challenges and contradictions they pose to feminist agendas. In this context, the report considers how impact funds can strengthen gender lens investing (GLI) to pave the way for inclusive and sustainable development that leaves no woman or girl behind. The study draws on data collected and analysed by Bocconi University's AXA Research Lab on Gender Equality from the Phenix Capital Group's Impact Fund Database, showing that only 17.2 per cent of funds in this database have stated SDG 5 among their impact objectives. It also provides a better insight into the characteristics, opportunities and risks faced by the impact investment funds focused on SDG 5 through case studies of funds provided by Phenix Capital Group along various assets classes. These are complemented by semi-structured interviews by Tiresia – Politecnico di Milano, similarly sourced from Phenix's market intelligence, with institutional investors which allocate capital through investment.

With this report, UN Women calls on collective action and invites all stakeholders to join our efforts to advance financing for gender equality, including through private finance, and jointly lead and shape the path to a more inclusive and sustainable economy and to drive accountability for the achievement of SDG 5.

TABLE OF CONTENTS

BOXES

FIGURES

GLOSSARY

Asset class: A group of financial instruments that have similar financial characteristics and behave similarly in the marketplace.

Gender: Gender refers to the roles, behaviours, activities and attributes that a given society at a given time considers appropriate for men and women.

Gender equality: This refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. Gender equality is not a women's issue but should concern and fully engage men as well as women. Equality between women and men is seen both as a human rights issue and as a precondition for, and indicator of, sustainable people-centred development.

Fund managers: Organizations managing commingled, pooled and customized vehicles invested by institutional asset owners.

Impact investing: The Global Impact Investing Network (GIIN) defines 'impact investing' as an activity taking place across all asset classes, in which investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Institutional investors: Providers of capital, such as outsourced Chief Investment Officers (CIOs), pension funds, insurance companies, family offices, sovereign wealth funds, endowments, foundations, banks, fiduciary managers and discretionary investment consultants.

Intersectional approach: Recognizing that gender is part of the broader sociocultural context, as are other important criteria for sociocultural analysis including class, race, poverty level, ethnic group, sexual orientation, age, and more.

Private debt: Debt instruments to companies: direct lending, mezzanine, microfinance strategies.

Private equity: Equity stakes in privately held companies/ funds: venture capital, growth, buyout strategies.

Public debt: Publicly traded fixed income securities: investment grade or high yield, focused on green bonds and municipal and community infrastructure and affordable housing issuers.

Public equity: Equity stakes in publicly traded companies: from small-cap to mid-cap and large-cap.

Real assets: Encompasses real estate, infrastructure, farmland and cropland, and timberland and forestry assets.

Women's empowerment: The empowerment of women and girls concerns their gaining power and control over their own lives. It implies that to be empowered they must not only have equal capabilities (such as education and health) and equal access to resources and opportunities (such as land and employment), but they must also have the agency to use these rights, capabilities, resources and opportunities to make strategic choices and decisions (such as is provided through leadership opportunities).

ABBREVIATIONS AND ACRONYMS

AUM	Assets under management
ESG	Environmental, social and governance
ICMA	International Capital Market Association
IFC	International Finance Corporation
GIIN	Global Impact Investing Network
GLI	Gender lens investing
IMP	Impact Management Platform
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprise
WEPs	Women's Empowerment Principles

Photo: UNODC/Duncan Moore

1 INTRODUCTION

1 INTRODUCTION

1.1 WHY THIS REPORT

Halfway to the 2030 Sustainable Development Agenda, we stand at a crucial crossroad for achieving gender equality and empowering women and girls. Sustainable Development Goal 5 (SDG 5) calls for our collective commitment to this vital cause. However, progress towards gender equality remains slow, hindered by chronic underfunding and a backlash on women's rights.

Investing in SDG 5 is not just a moral imperative for upholding human rights, but also a strategic opportunity. Gender inequality manifests in various forms, from limited access to education and healthcare to unequal economic opportunities and political representation. These disparities not only impede social progress but also hinder economic growth and stability. By intentionally investing in SDG 5, stakeholders—from governments to the private sector—can address these gender gaps and unlock the full potential of half of the world's population.

Gender lens investing (GLI), as an approach to allocate capital with the intention to address gender inequality, offers a practical and potentially impactful way to tackle the chronic underfunding of women's empowerment and gender equality initiatives. It proposes to integrate gender analysis into investment decisions with the aim of promoting gender equality and addressing gender-based disparities. This includes considering gender dynamics within companies and industries, promoting gender diversity in leadership and governance, investing in businesses that address the needs and preferences of women as consumers, and supporting initiatives that advance women's economic empowerment.

GLI is not limited to specific asset classes; it can be applied across a diverse range of investments. Whether in public equities, public debt, real estate or infrastructure, investors can leverage their capital to support gender equality. For example, investing in bonds issued by organizations that prioritize gender equality can promote financial inclusion and women's access to credit. Real estate investments can focus on affordable housing initiatives that prioritize women's safety and address housing gaps. By integrating gender considerations into all asset classes, investors can drive positive change at various levels of the economy.

Yet not all investing practices that are labelled as adopting a "gender lens" contribute to the effective change that is needed to level the playing field for women's empowerment. For example, there are concerns about superficial approaches that focus on symbolic representation without challenging systemic gender inequalities. Critics argue that GLI often prioritizes financial return before impact, and individual empowerment while overlooking the need for structural change. They highlight the risk of co-optation, where feminist ideals are commodified and diluted for financial gain. Additionally, some question the extent to which GLI addresses the concerns of marginalized women, particularly those facing intersecting forms of oppression. Therefore, a closer look at current practices, standards and guiding stakeholders in navigating GLI is timely.

To make steady progress in closing gender gaps and realize substantive gender equality,[4] resources need to be mobilized from all sources in the public and the private sector, including from investors. This was one of the key messages of the United Nations Addis Ababa Action Agenda in 2015, and it is more urgent than ever.[5]

Analysis of the Phenix Capital Impact Fund Database ('The Impact Database') sends a clear message. There is scope to work with impact funds to drive investments in gender equality and women's empowerment. Out of 2,100 impact funds mapped by Phenix Capital in July 2022, 356 (16.9 per cent) included SDG 5 in their investment objectives. One year later, in July 2023 the number of funds including SDG 5 targets increased to 422, representing 17.2 per cent of the total of 2,440 funds, and 8.9 per cent of the total assets under management (AUM) of these funds, amounting to US$56 billion of US$631 billion.

The report, *Empowering Women, Building Sustainable Assets: Strengthening the depth of gender lens investing across asset classes,* delves into the realm of GLI and its connection to impact investing. It starts by providing an overview of GLI, which involves considering gender-based factors when making investment decisions. The report then acknowledges the progress made in the GLI space, with an increasing number of impact funds and institutional investors incorporating gender considerations into their investment strategies. Interviews with institutional investors show how capital has been allocated by integrating a gender lens and/or SDG 5 objectives within their fund investments. Further, case studies of funds targeting specific asset classes illustrate current GLI practices of impact funds that have selected SDG 5 as an impact objective. The report outlines key strategies and recommendations for navigating the intersection of SDG 5 and GLI through these funds, including per asset class. It highlights the importance of robust gender analysis and data collection to inform investment decisions and measure the impact of investments on gender equality. The authors also advocate for strengthening collaboration among investors, governments and civil society organizations to pool resources, expertise and influence for greater collective impact.

As an increasing number of market stakeholders, including impact investors, become well informed about approaches to strengthen their contribution to gender equality, this, in turn, would contribute to the increased quantity and quality of gender lens investing.

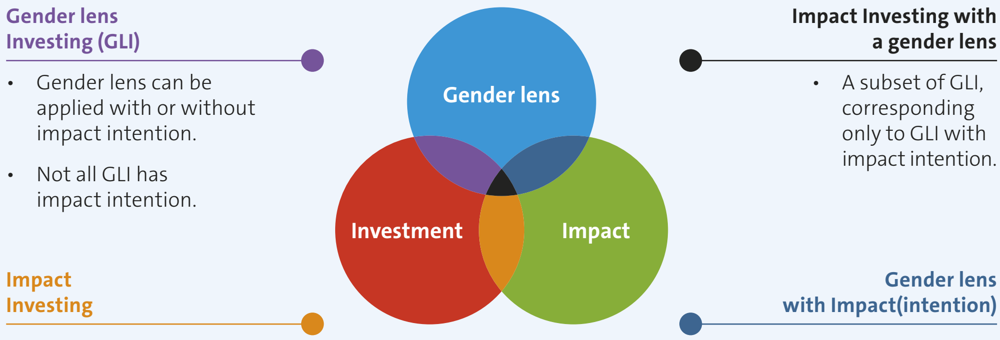
1.2 INTERSECTIONS BETWEEN INVESTMENT, IMPACT AND GENDER LENS

What is gender lens investing?

Gender lens investing (GLI) has gained significant interest in recent years, but currently, there is no single definition for gender lens investing that has gained universal acceptance across the impact investment industry.[6] According to the Global Impact Investing Network (GIIN), GLI is "a strategy or approach to investing that takes into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions".[7] This definition is consistent with the common understanding that investment lenses and themes are considered tools to organize investment processes, including policy, strategy and implementation. Figure 1 presents the conceptual intersection between investment, impact and a gender lens.

FIGURE 1

INTERSECTIONS BETWEEN IMPACT, A GENDER LENS AND INVESTMENT



Impact: Impact refers to the effect or influence that an activity, organization or investment has on society and the environment. It involves considering both positive and negative outcomes and assessing how investments can contribute to sustainable development, social progress and environmental stewardship. Impact focuses on the measurable and observable changes in various aspects of people's lives, such as economic well-being, social conditions, health outcomes, education and environmental sustainability. Impact can also occur at the level of institutions: this includes changes in governance structures, policy frameworks, institutional capacity and legal frameworks resulting from development interventions, and leading to enhancing accountability and creating an enabling environment for sustainable development. A few variants of the definition of impact can be found on the Impact Management Platform.[8]

Gender lens: According to the Criterion Institute,[9] a 'gender lens' refers to a rigorous discipline with the goal of seeing and understanding how power, privilege and bias operate in a specific context, ideally with attention to how power might be disrupted. A gender lens analyses the relationship between different gendered groups in society, their access to resources, opportunities and the constraints they face relative to each other. A gender lens is important in understanding the different patterns of involvement, behaviour and activities that different groups have in economic, social and legal structures. A gender lens requires moving beyond thinking about individual empowerment and about women as a homogeneous group to applying a gender analysis to systems, process and structures of power. Gender lenses vary in scope: some focus on understanding the unique experiences, needs and challenges faced by individuals of different genders. Other approaches ensure that gender considerations are systematically incorporated into all aspects of decision-making and resource allocation, aiming for gender equality as a cross-cutting objective. Feminist lenses focus on amplifying women's voices, promoting women's rights, and addressing gender-based violence and discrimination.

Investment: Investment involves allocating financial resources with the expectation of generating returns or achieving specific objectives. Traditional investments primarily focus on financial returns, but the concept of impact investing expands this perspective to include social and environmental outcomes. Impact investors seek to generate positive and measurable social or environmental impact alongside financial returns, per the GIIN's definition.

Source: UN Women, developed for this report.

FIGURE 2

SPECTRUM OF CAPITAL AND CLASSIFICATION OF INVESTMENT APPROACHES

The spectrum of capital, initially introduced by Bridges Fund Management[10] and subsequently refined by various impact investing entities, illustrates a range of investment strategies spanning from an exclusive focus on return (on the left side) to an exclusive focus on impact (on the right side). Between these extremes, impact-driven investment strategies are categorized into two approaches:

1. **Financial first impact investing:** These investments prioritize risk-adjusted returns aligned with traditional investment expectations.
2. **Impact first impact investing:** These investments prioritize impact but are open to accepting lower risk-adjusted returns.

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS				PHILANTHROPY
Focus	Return only	Negative screening	ESG integration	Impact driven		Impact only
				Financial first	Impact first	
Financial goals	Target competitive risk-adjusted financial returns				Accepts low risk-adjusted returns	Accepts partial/full capital loss
Features		Manage Environmental, Social and Governance (ESG) risks				
			Pursues ESG opportunities			
				Intentionality: delivering impact is central to underlying assets/investments		
				Impact investments are measured and reported		
Impact management project goals	May or do cause harm	Act to avoid harm				
			Benefit all stakeholders			
				Contribute to solutions		

Source: Phenix Capital Group (2023) Adapted from Bridges Fund Management (2014), Principles for Responsible Investing (2016),[11] Responsible Investment Association Australasia (2013),[12] UK National Advisory Board on Impact Investing (2017)[13] and Impact Management Platform (2018).[14]

What is gender impact investing?

At the centre of these intersections, impact investing with a gender lens—or gender impact investing—is a subset of GLI. By integrating impact, a gender lens and investment, stakeholders can strive for investments that not only generate financial returns but also contribute to positive social change, promote gender equality and empower marginalized communities, particularly women and girls. To drive more resources towards SDG 5, impact investors and fund or asset managers need to integrate gender equality goals and a gender lens into their investment strategies and decision-making processes. This includes aligning investment policies, objectives and criteria with the goals of women's empowerment. It may involve developing specific financial products or funding vehicles targeting SDG 5, incorporating relevant metrics and indicators to measure impact, and engaging in impact reporting and disclosure.

Photo: IMF Focus | Gender

2 EVOLUTION

OF GLOBAL PRINCIPLES, STANDARDS AND MEASUREMENT FRAMEWORKS

2 EVOLUTION OF GLOBAL PRINCIPLES, STANDARDS AND MEASUREMENT FRAMEWORKS

2.1 CURRENT PRINCIPLES GUIDING GENDER LENS APPROACHES FOR IMPACT FUNDS AND INVESTORS

GLI's intentions, goals and relationship with SDG 5 remain ambiguously addressed. However, there are several frameworks, principles and guidelines that have been developed and are utilized by various organizations and investors (Figure 3). The degree to which they integrate gender equality objectives varies, and what follows is a non-exhaustive attempt at mapping some of the commonly referenced resources.

Photo: United Nations

FIGURE 3

DIVERSITY OF FRAMEWORKS GUIDING GENDER LENS INVESTING

	IMPACT INVESTING
DEFINITIONS	GIIN Global Impact Investing Network
PRINCIPLES, STANDARDS AND ASSOCIATED GUIDANCE	ICMA International Capital Market Association; IFC International Finance Corporation World Bank Group – Creating Markets, Creating Opportunities; Operating Principles for Impact Management; SDG Impact
GOALS AND INDICATORS	IRIS+; HIPSO
CRITERIA AND THRESHOLDS	Regional and national sustainable finance taxonomies
ASSESSMENT, VERIFICATION AND CERTIFICATION	ICMA International Capital Market Association; Operating Principles for Impact Management; SDG Impact
RESEARCH AND DATA	Bloomberg; cb crunchbase; GPCA Global Private Capital Association; MSCI; Phenix Capital; PitchBook; preqin; REFINITIV; SUSTAINALYTICS; syminvest; tameo Impact Fund Solutions
COMMUNITIES	GIIN Global Impact Investing Network; GSG Driving real impact; Social Value International

Source: UN Women research, developed for this report.

GENDER LENS OR THEME	OTHER RELEVANT STANDARD SETTERS

(forthcoming)

In **2005**, the United Nations launched the Principles for Responsible Investment (PRI), which encouraged investors to consider environmental, social and governance (ESG) factors in their investment decisions. Gender equality is one of the key ESG issues highlighted by the PRI, including through recent diversity data and pay gap reporting.[15]

In **2010**, the Women's Empowerment Principles (WEPs) were established by UN Women and the UN Global Compact as a voluntary commitment by companies' CEOs to promote gender equality and women's empowerment in the workplace, marketplace and community. The seven principles provide a framework for both investors and investee companies to advance gender equality by integrating indicators related to impact areas, such as leadership and decision-making on anti-discrimination and equal opportunity; women's health, well-being and safety education and training, enterprise development, supply chains and marketing practices; and community initiatives. The WEPs emphasize the importance of accountability, corporate action and transparency on progress and impact to remove discrimination, biases and stereotypes and advance gender equality and women's empowerment. As of June 2023, over 8,000 CEOs across 153 countries had made this commitment.[16, 17]

FIGURE 4
THE WOMEN'S EMPOWERMENT PRINCIPLES

Source: UN Women.

Principle 1		Establish high-level corporate leadership for gender equality.
Principle 2		Treat all women and men fairly at work – respect and support human rights and non-discrimination.
Principle 3		Ensure the health, safety and well-being of all women and men workers.
Principle 4		Promote education, training and professional development for women.
Principle 5		Implement enterprise development, supply chain and marketing practices that empower women.
Principle 6		Promote equality through community initiatives and advocacy.
Principle 7		Measure and publicly report on progress to achieve gender equality.

In **2015**, the United Nations Sustainable Development Goals were conceived as a set of 17 global goals aimed at addressing the world's most pressing challenges, including gender equality (SDG 5). Gender equality is both a targeted goal and a cross-cutting theme embedded in other SDGs, with gender-specific targets. Since then, investors, including gender lens investors, can align their investment strategies to the SDGs using them as a taxonomy. SDG 5 investments focus on investments that contribute to solutions towards achieving gender equality and empowering women and girls.

In **2018**, the 2X Challenge (a flagship initiative under 2X Global) was launched by G7 Development Finance Institutions (DFIs) as an ambitious resource mobilization commitment to catalyse private sector investments that drive inclusive growth and contribute to the achievement of the SDGs, particularly SDG 5 on gender equality. The 2X Challenge has reportedly mobilised US$16.3 billion from 2020 to 2021 and US$11.4 billion from 2018 to 2020 in funding for gender lens investment, compared to the target of US$3 billion in the initial period. Accompanying the challenge were the '2X Criteria', used to determine which investments would qualify as eligible, and which have since been widely adopted as a framework for gender lens investing.

The lion's share of eligible 2X investments rewarded businesses that had achieved greater representation of women within their companies, leaving a smaller share of funding for products and services specifically benefiting women consumers (25 per cent of investments made under the 2X Criteria from 2020 to 2021) and even less to businesses founded and owned by women (13 per cent).

In **2019**, the Operating Principles for Impact Management were established through a collaborative effort by leading impact investing organizations, including the International Finance Corporation (IFC) of the World Bank Group, along with several prominent asset managers, development finance institutions and other stakeholders in the impact investing field. The principles were designed to provide a common framework for impact investors to ensure the effective management and measurement of their impact on social and environmental outcomes. To date, the Impact Principles have 166 signatories in 39 countries with total covered assets of US$509 billion.[18] However, they do not explicitly address gender equality as a stand-alone principle.

The same year, the GIIN's IRIS+ System was designed to help investors measure, manage and optimize impact investing. IRIS+ metrics are aligned with more than 50 standards bodies, including the SDG goals and targets.[19] For example, SDG 5 is assigned to 229 IRIS+ metrics (Figure 6). The 2X Criteria have also been mapped to IRIS+ metrics.[20]

FIGURE 5

2X CRITERIA

ENTREPRENEURSHIP

51%

women ownership or the business is founded by a woman

LEADERSHIP

30%

women in senior leadership or 30% women on the Board or Investment Committee

EMPLOYMENT

30%

to 50% share of women in the workforce (depending on the sector) and one 'quality' indicator beyond compliance

CONSUMPTION

Product(s) or service(s)

that specifically or disproportionally benefit women

INVESTMENTS THROUGH FINANCIAL INTERMEDIARIES

30%

of the DFI loan proceeds or portfolio companies meet the 2X Criteria

Source: 2X Global.

FIGURE 6

ALIGNMENT OF IRIS+ METRICS AND SDG 5 TARGETS

SDG 5: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS		ALIGNED IRIS METRICS	IRIS+ IMPACT CATEGORY	IRIS+ IMPACT THEME
5.1	End all forms of discrimination against all women and girls everywhere	52	Diversity & Inclusion	Gender Lens
5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	36	Diversity & Inclusion	Gender Lens
5.3	liminate all harmful practices, such as child, early and forced marriage and female genital mutilation	N/A [1/]	N/A	N/A
5.4	Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	N/A [1]	N/A	N/A
5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	91	Diversity & Inclusion	Gender Lens
			Financial Services	Financial Inclusion
5.6	Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences	50	Diversity & Inclusion	Gender Lens
			Health	Access to Quality Healthcare
5.a	Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws	N/A [2]	N/A	N/A
5.b	Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women	N/A [3]	N/A	N/A
5.c	Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	N/A [3]	N/A	N/A

Notes: 1. Targets 5.3, 5.4 and 5.c refer to public policy activities; no IRIS metrics directly align to this type of target.
2. Target 5.a refers to country-level activities and international cooperation; no IRIS metrics directly align to this type of target.
3. Target 5.c refers to country-level activities; no IRIS metrics directly align to this type of target.

Source: Adapted from IRIS+ (2019). *IRIS+ and the SDGs.*

Emerging frameworks, models and standards are calling explicit attention to power dynamics and seek to intentionally ground themselves in feminist principles and values. In 2023, building on feminist activism, two new notable resources were published. First, the Equality Fund—a Canadian government–backed innovation that would provide sustainable funding for women's movements globally—developed the Gender Lens Investing Criteria to "drive even deeper change within capital markets."[21] Conceived for application to the private-market portfolio of the Equality Fund Government Investment Pool, and hoping to serve as inspiration for like-minded investors, these criteria include measures of contribution to "addressing structural inequity" and capture investments that scale up products and services that contribute to specific outcomes for women, girls and trans people, such as access to clean, safe and affordable energy; clean and safe water; and affordable caregiving, among others. Metrics are selected from the IRIS+ database and 2X Criteria. They also build on the Equality Fund's Intersectional Investment Guidelines, covering three dimensions: a) Equity, Rights and Power; b) Economic and Social Justice; and c) Environmental Health. As a new initiative, there is limited information on the adoption of these criteria by the wider impact investment community.

Second, the Criterion Institute, alongside 2X Global and the Aspen Network of Development Entrepreneurs (ANDE) released the Standards of Practice for Gender Lens Investing, with the aim of strengthening the quality of gender lens investing. The Standards emphasize that while progress has been made in supporting investors to identify and articulate the types of impact they seek to achieve, more work is needed to help identify how this change can be delivered and to ensure that investors are making the right changes necessary to achieve the intended outcomes. The Standards integrate feminist approaches of analysing and disrupting power dynamics, and emphasize the need to apply this within investment decisions and processes to disrupt traditional investment norms and redress current power imbalances. Three key leverage points are identified where this should be applied: investment analyses, structures and processes. Examples include the valuation and inclusion of traditionally 'non-costed' factors (such as social inequity) within overall cost accounting by investment firms. The stated ambition of the Standards is for those with the power to demand changes from investment funds (such as donor agencies, asset owners and managers: the so-called 'standard setters') to do so, to drive changes in investing practices that disrupt inequitable power dynamics. Adoption by the industry, and the reception by broader stakeholders, remains to be seen.

2.2 DEEPENING IMPACT: EVIDENCE FROM THE LITERATURE

The collective efforts of thought leaders, practitioners and movement builders in advancing gender lens investing have been instrumental in raising awareness and driving change towards prioritizing investments in gender equality and women's empowerment. As a result, gender lens investing has gained significant traction in impact investing spheres. This is evidenced by the accelerating efforts to elevate standards and criteria in recent years.

Pioneering supporters of gender lens investing, including the Criterion Institute,[22] GenderSmart[23] and Veris Wealth Partners,[24] argue that GLI can deliver competitive financial returns and mitigate risks: both investment risks and the social risk of investments that do not take gender factors into account. Research suggests that companies with diverse leadership and gender-inclusive policies, for example the Peterson Institute,[25] International Finance Corporation (IFC)[26] and McKinsey,[27] tend to outperform their peers, with improved decision-making, risk management and innovation leading to sustainable business growth.

According to a comprehensive analysis by Parallelle Finance, a collection of studies conducted over a 15-year period consistently indicated a positive correlation between increased representation of women in leadership roles and various favourable outcomes, including a higher return on equity, improved profitability, reduced instances of fraud and enhanced risk management.[28]

For example, the Peterson Institute for International Economics analysed over 21,000 companies worldwide and found a positive correlation between gender diversity in leadership and improved financial performance, including profitability and market value.

Focusing on emerging markets, the IFC found that gender-balanced investment teams outperformed all-male teams in financial returns. MSCI ESG Research also found that companies with strong gender diversity at the board level experienced fewer governance-related controversies.[29]

Advocates highlight that investing with a gender lens can uncover untapped market opportunities and drive innovation. By recognizing the diverse needs and perspectives of women as consumers, entrepreneurs and employees, gender lens investing can spur the development of products, services and business models that cater to these markets.

A report by BNY Mellon and the United Nations Foundation found that gender lens investing could unlock market opportunities, estimated at US$12 trillion globally by 2030, through products and services that address women's needs and preferences. Meanwhile, the 2021 Deloitte Global Millennial Survey revealed that millennials and Gen Z are more likely to support and engage with brands that prioritize diversity, inclusion and gender equality.

Nonetheless, recent literature on GLI (including, for example, the 2023 report published by the Association for Women's Rights in Development—AWID[30]) argue that the practice may oversimplify complex gender issues by reducing them to measurable indicators and where gender considerations are superficially integrated into investment strategies. Critics contend that GLI fails to address the broader structural and systemic factors that perpetuate gender inequalities, such as patriarchy, discrimination and power dynamics. Rather, they advocate for more grants and concessional financing, as opposed to investments (see for example, the Women's Working Group on Financing for Development), and argue that GLI, even with a stronger impact proposition, cannot lead to systems change. There is also concern that existing GLI strategies neglect important intersectional dimensions, such as race, ethnicity, class and disability.

The absence of a universal gender impact investing standard may hinder the maximization of social impact for women and girls. Without a standardized framework, it is challenging to consistently prioritize social and economic impact for women and girls. The lack of clear guidelines on impact measurement and reporting requirements limits accountability, making it difficult to hold investors to account on their commitments and investments. This further raises the risk of superficial efforts and 'impact washing',[31] while diluting the genuine focus on delivering better social outcomes for women and girls and their communities. While these criticisms raise valid concerns, GLI continues to evolve and adapt. Investor action for SDG 5 is welcome in the context of chronic underinvestment in gender equality, but as GLI momentum continues to build, pressure will rightly persist for accountability, dialogue and meaningful impact.

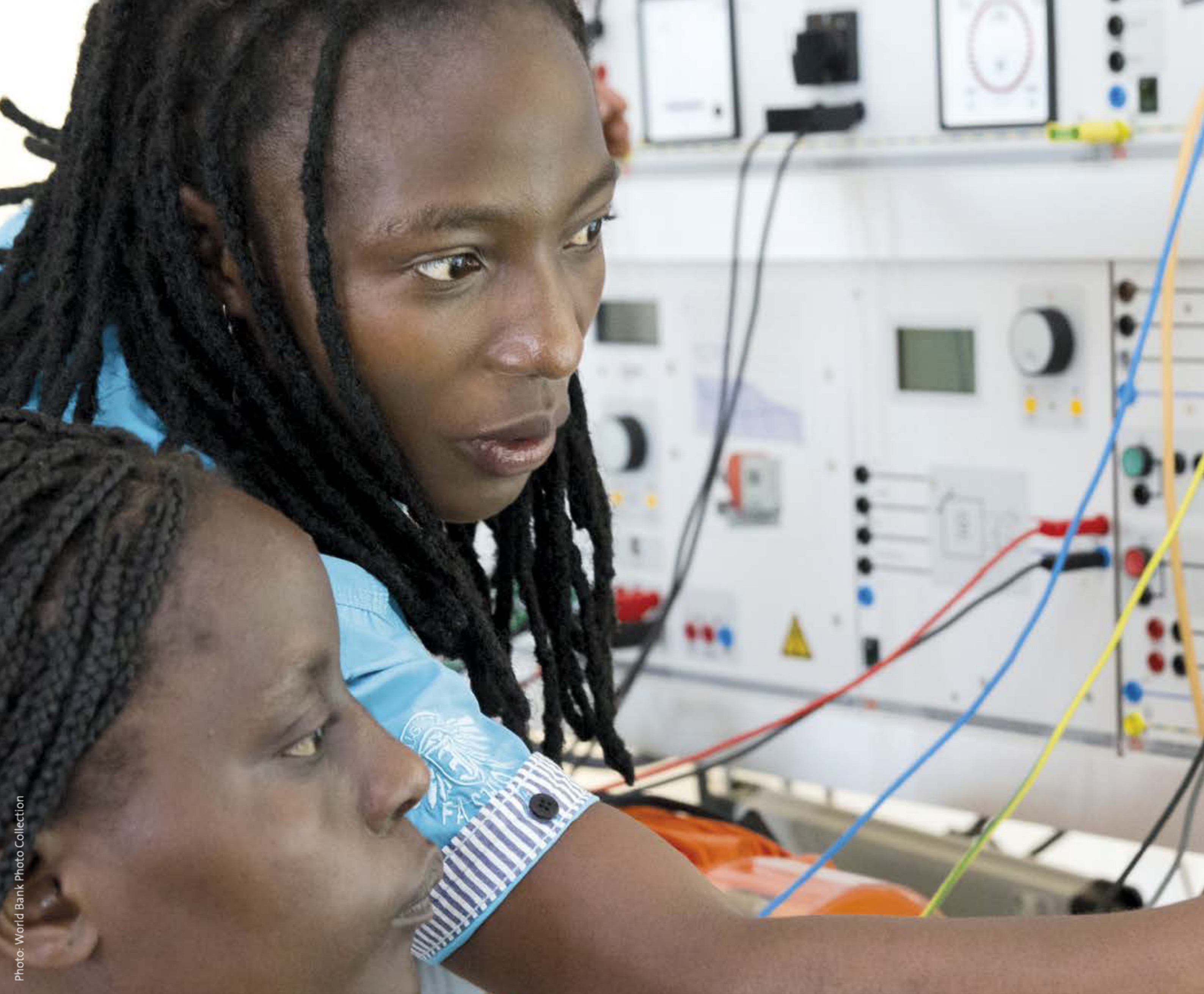


Photo: World Bank Photo Collection

3 APPLICATIONS

OF A GENDER LENS BY INSTITUTIONAL INVESTORS AND IMPACT FUNDS: INSIGHTS AND PRACTICES

3 APPLICATIONS OF A GENDER LENS BY INSTITUTIONAL INVESTORS AND IMPACT FUNDS: INSIGHTS AND PRACTICES

Following the review of the literature and evolution of the principles for applying a gender lens to impact investing, this section focuses on findings from existing practices and lessons from practitioners and investors allocating capital to funds with a gender lens or gender equality intention.

3.1 INSIGHTS FROM INSTITUTIONAL INVESTORS ON GENDER LENS INVESTING

In recent years, a growing number of investors have begun to consider the effects of their investment portfolios on people and the planet. These stakeholders vary widely in their intentions and limitations (Figure 7). For example, pension funds, due to their long-term horizon, are uniquely affected by long-term risks, while foundations and endowments might prioritize the construction of a portfolio addressing specific social issues aligned to their mission.

FIGURE 7

INVESTMENT INDUSTRY STAKEHOLDERS AND TYPES OF ASSET OWNERS

CLIENTS/ BENEFICIARIES	ASSET OWNERS	FIDUCIARY/ ASSET MANAGERS	FUND MANAGERS/ PRODUCTS	INVESTEES
• Savings • Retirees/retirement accounts • Insured clients • Family fortunes • Faith-based donations • Student tuitions/ alumni donations • Taxpayers/reserves	• (Private) Banks • Pension funds • Insurance companies • Family offices • Wealth managers • Foundations • Church endowments • University endowments • Sovereign wealth funds • Development Banks	• Asset managers • Fiduciary managers • Investment consultants • Outsourced investment officers • Development Finance Institutions	• Funds • Funds of funds	• Companies/ enterprises • Assets • Large projects
SOURCE OF CAPITAL	**ALLOCATE CAPITAL**		**MANAGE/ AGGREGATE CAPITAL AND IMPACT RESULTS**	**END DESTINATION AND IMPACT GENERATION**

INVESTMENTS →

← IMPACTS AND RETURNS

Source: Phenix Capital Group (2023).

Investors with the intention to contribute to SDG 5 do so by engaging in dialogue, setting criteria, demanding accountability, and allocating capital towards funds that prioritize gender equality and women's empowerment as part of their impact objectives. Similarly, fund managers —and underlying companies and assets—identify aligned investors to avoid being compared inappropriately to assets with different impact intentions or being judged on financial performance alone.[32]

With the goal of understanding the subset of the impact investing market targeting SDG 5, from the point of view of the investors (the providers of capital), Politecnico di Milano conducted direct research with institutional investors, such as asset owners, asset managers and development bank managers sourced from Phenix Capital's market intelligence. The investors interviewed included different types of organizations, with the common characteristic of deploying capital via intermediaries, i.e. funds, to achieve their financial and impact goals, including ambitions related to gender and/or SDG 5.[33]

Interpretations of the scope of gender lens investing by institutional investors

The analysis uncovered several factors that investors consider when defining gender lens investing. Overall, it is important to note that respondents highlighted the fundamental intentionality of advancing gender equality through adopting a GLI approach.

Results from the interviews show that investors do not agree on a common definition of gender lens investing, and respondents provided different interpretations of what gender equality covers. In some cases, the focus is to target women, while in other cases, it is to target minorities more broadly—e.g. based on gender, race, sexual orientation and other sociodemographic indicators —and address a range of biases, power dynamics and factors. Investors have defined GLI as "investing for the direct benefit of women" (BoA). The second interpretation of gender lens investing identified in the pool of interviewed investors expands the scope to unrepresented groups, such as "investing in companies that promote equality" (ABN Amro) and "investing while taking care of minorities" (FERD).

Integration across the investment process

Evidence shows that the application of a gender lens is relevant at every phase of the investment process, from strategy and decision-making through screening and due diligence, measurement and reporting. Although not homogeneously treated across investors, adopting a gender lens is predominantly applied within the screening and due diligence phase, helping investors define a socially conscious pipeline of investment opportunities, and analyse target investees based on how they consider gender and minorities.

Interviewed investors recognize the need to maintain a gender lens throughout the entire investment process. They consider gender lens factors during pre-investment phases, using gender lens variables to screen potential investment opportunities. Lack of gender diversity on boards of investees or a disregard for gender equality aspects can be viewed negatively.

"From the start, we wouldn't really invest in a fund unless they apply gender lens, and also unless the [general partner] is strongly committed to report on gender impact. We focus on impact creation through our investment, so we expect our [general partners] to report on impact on women and girls."

(Sasakawa Peace Foundation)

"We have developed a spectrum together with our Emerging Markets Impact Investment Fund (EMIIF) Consortium partners MEDA and Volta. We assign the funds in a gender-blind, gender-aware, gender-smart and gender-transformative category. Typically, under the EMIIF programme, we seek value alignment with potential investees on the gender equality theme. We may not find much value alignment if the fund manager has never thought about gender as a concept, or they don't think it's an issue that [they] don't have any gender diversity on the team. For such fund managers, we try to raise awareness and check back on their progress over time."

(Sarona Asset Management)

“We talked a lot about exclusions, but another solution is, of course, engagement.”

(ABN AMRO)

Some institutional investors are in the early stages of understanding the concept of gender lens investing. They may not have a clear strategy related to gender equality when assessing investment opportunities. Looking through a gender lens can help investors uncover hidden risks. While they understand market risks like illiquidity and volatility, they often overlook intangible risks like operational, reputational and legal issues, which can have a significant impact on a fund’s or a company’s performance. By using a gender lens, investors can proactively uncover hidden risks, such as pay equity or harassment complaints, or human rights violations.

“What we’re seeking to understand is across five stakeholders: customers, communities, employees, supply chain workers and the planet. Within each stakeholder assessment, we ask, how are women impacted? How are women customers affected? How about workers? Who are the women affected? And how do their experiences differ from the men on a given team? And in the supply chain? And when it comes to the planet, we consider how women are disproportionately affected by climate change and environmental degradation.”

(Global Endowment Management)

Others have recognized the importance of integrating gender considerations into their investment strategies. They incorporate gender analysis and data into their decision-making processes, aiming to identify and address gender-related risks and opportunities. These investors actively seek investments that align with their gender lens criteria and strive to improve gender equality outcomes in their portfolios.

“Gender lens should be a global strategy, in any country and in any sector ... If we really want to put the gender lens focus on the portfolio, I think that it should be incorporated in the whole strategy of the companies but also in the whole allocation strategy of the funds.”

(Fundación Anesvad)

“[Gender] is integrated into each and every investment decision that we take in this company.”

(Finnfund)

“We are screening rigorously every single fund that would be a potential investee. So, we’ll look at its current and potential impact on women’s economic empowerment and gender equality.”

(FinDev Canada)

Impact measurement, monitoring and reporting

Institutional investors committed to gender lens investing understand the importance of measuring and reporting the impact of their investments. They establish monitoring and evaluation frameworks to track the social and gender-related outcomes of their investments. This approach allows them to assess progress, learn from successes and failures, and communicate their impact to stakeholders, thereby fostering transparency and accountability.

Respondents indicate that measurement and reporting systems are both an inherent part of their daily operations and a result of regulatory compliance requirements.

Under regulatory requirements, gender issues become one of the aspects to be measured and reported for compliance purposes. Indeed, the regulatory environment for sustainable finance has become more rigorous recently, especially in Europe, where, for instance, the "unadjusted gender pay gap" and "board gender diversity" are included in the Sustainable Finance Disclosure Regulation's Principal Adverse Impacts framework. Another interviewed investor reported examples of public companies' requirements in Norway, which incentivize investors to consider gender-based factors in investment decisions.

"We have an equality plan that is actually a legal requirement in Sweden for all the organizations above a certain size."

(Swedfund)

"We are being guided by Canadian policies."

(FinDev Canada)

"There are quite a lot of requirements on at least public companies in Norway, you need to have a certain number of female members of your board team."

(FERD)

Some respondents mentioned that they collect gender-related data throughout the lifespan of their investments. However, they also highlighted the challenges they face in obtaining reliable information about the internal level of gender equality within the organizations they invest in. In fact, it is often reported that finding comparative and measurable data on companies' and funds' performance for gender lens investing poses several challenges.

Gender-disaggregated data, which separate information by gender, are often not readily available or reported by companies and funds. This data gap hinders the ability to assess gender-related factors, such as gender diversity in leadership, pay equity and workforce composition. Without reliable and comprehensive data, it becomes challenging to measure the impact of gender lens investing accurately.

"We have noticed difficulties from our investees in terms of providing us with complete and robust gender-disaggregated data."

(Sarona Fund)

Even when gender-related data are reported, the quality and consistency of the information can vary significantly. Companies and funds may have different reporting standards, methodologies and definitions, making it difficult to compare data across different entities. This inconsistency hampers the ability to make meaningful comparisons and benchmarks.

Measurement, reporting and monitoring are essential for assessing impact and complying with regulatory requirements. Voluntary frameworks such as the UN Sustainable Development Goals also serve as guidance, alongside investors' own methodologies. Other frameworks mentioned by interviewees include the GIIN's IRIS+, the UN Women Empowerment Principles, the 2X Criteria, the Impact Management Project (now Impact Frontiers), the European Development Finance Institutions' Harmonized Gender Indicators, and the Harmonized Indicators for Private Sector Operations (HIPSO).

Diversity in leadership teams and in the workplace

A widespread opinion among respondents is that having a gender lens is important in building work teams because, consistent with the literature, "diversity improves performance" (Align Impact) and "diverse organizations perform better and have much better results" (ANESVAD). In short, gender-diverse teams outperform teams that are not diverse and the lack of gender diversity within organizations is seen as a strategic risk.

"A diverse team—in terms of gender, race, background, and thought—will have more varied perspectives to draw upon, leading to more creative and constructive decision making."

"Female-led teams and diverse teams frequently outperform because diversity of thought produces stronger returns than a homogenous group of leaders."

(Align Impact)

"We do believe diverse teams yield better outcomes and many studies show so. There are diverse voices included in the decision making. It's not only about diversity, it is also about inclusion."

(Sarona Fund)

"The lack of gender diversity is a risk."

(BoA)

Engagement and alignment with investees

Institutional investors that have prioritized gender lens investing demonstrate a willingness to assist their investees in enhancing their internal management of gender-related matters. Within the interviewed cohort, there is widespread acknowledgement of the significance of pursuing organic efforts to foster gender equality. This approach emphasizes the holistic and sustainable transformation of organizational culture, structures and processes to create an inclusive environment that supports gender equality at all levels.

"We have a gender lens investing training that we are running with the fund managers as one of the technical assistance offerings that we have ... to help them in creating their own tools and processes for reaching further."

(Swedfund)

"Organizations that understand not only how women are affected by poor water, sanitation and hygiene services, but also how women can be empowered to address these challenges, are generally doing a better job."

(Osprey Foundation)

Diversity across asset classes, sectors and regions

The interview data underscores the comprehensive nature of GLI, emphasizing the wide-ranging consideration of asset classes, geographies, and sectors when allocating capital towards SDG 5 and gender equality.

This multifaceted approach reflects a recognition that gender equality is a critical factor in sustainable and impact-driven investment practices.

"We invest across asset classes, geographies and sectors, serving clients across a range of issue areas that are important to them, from climate change solutions to financial inclusion to affordable housing and beyond ... not all impact-generating businesses fit into traditional venture capital or private equity models. There is a full stack of financing options to consider in growing and scaling impact businesses, with different rates of return to be expected from each segment of that stack."

(Align Impact)

"We mainly have listed equity and listed debt ... from the listed where we have mostly the impact assets, we have some microfinance, private debt and private equity."

(Anesvad)

"We don't follow an [impact] strategy by asset class, we do it by industry and by region. And every investment we make has to be justified in terms of its impact. So, everything has an impact strategy behind it."

(IFC)

3.2 SDG 5 AS AN IMPACT INVESTING OBJECTIVE: IMPACT FUNDS' PRACTICES ACROSS ASSET CLASSES

In this section, the focus shifts towards the investment vehicles that fund managers bring to market to meet the demand from investors related to GLI, such as those interviewed for this report. For these types of institutional investors (comprising of asset owners and fiduciary/asset managers), investing without financial returns is often not in line with their fiduciary duty. Therefore, the universe of funds analysed in this section, sourced from the Phenix Impact Fund Database, focuses exclusively on **financial-first impact investing funds** (Figure 2) (hereafter referred to as **impact funds or funds** unless otherwise specified).[34]

The 17 UN SDGs[35] have become a common language to identify development areas targeted by investments with an impact objective. A wide range of fund managers and institutional investors utilize the SDGs. The Impact Database accordingly uses the goals and their targets as a framework to categorize funds. Funds in this analysis have contributed to one or more of the goals and targets in Figure 6.

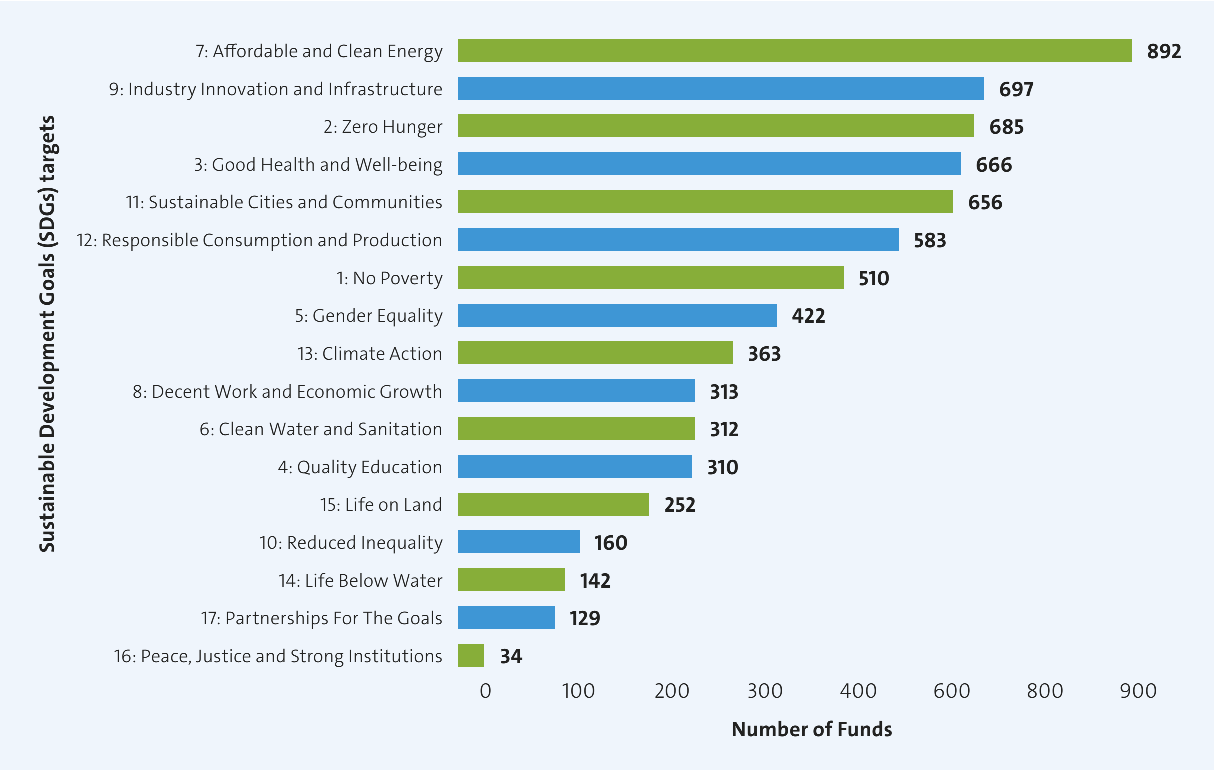
The impact funds monitored by Phenix Capital[36] show a clear bias towards climate-related SDGs, leaving behind social goals. Notably, only 17.2 per cent of impact funds analysed and tracked as of July 2023 include SDG 5 and gender equality targets (Figure 8).

Impact funds that include SDG 5 in their impact investing objective imply that their investment activities intend to directly contribute towards gender equality. To achieve their goals and communicate on progress and results they need to track gender-specific metrics. Current examples of metrics include the number of women in the workforce, the number of loans disbursed to women and the number of women-owned businesses engaged in the supply chain.

Photo: IMF/Kim Haughton

FIGURE 8

NUMBER OF FUNDS BY TARGETED SDG

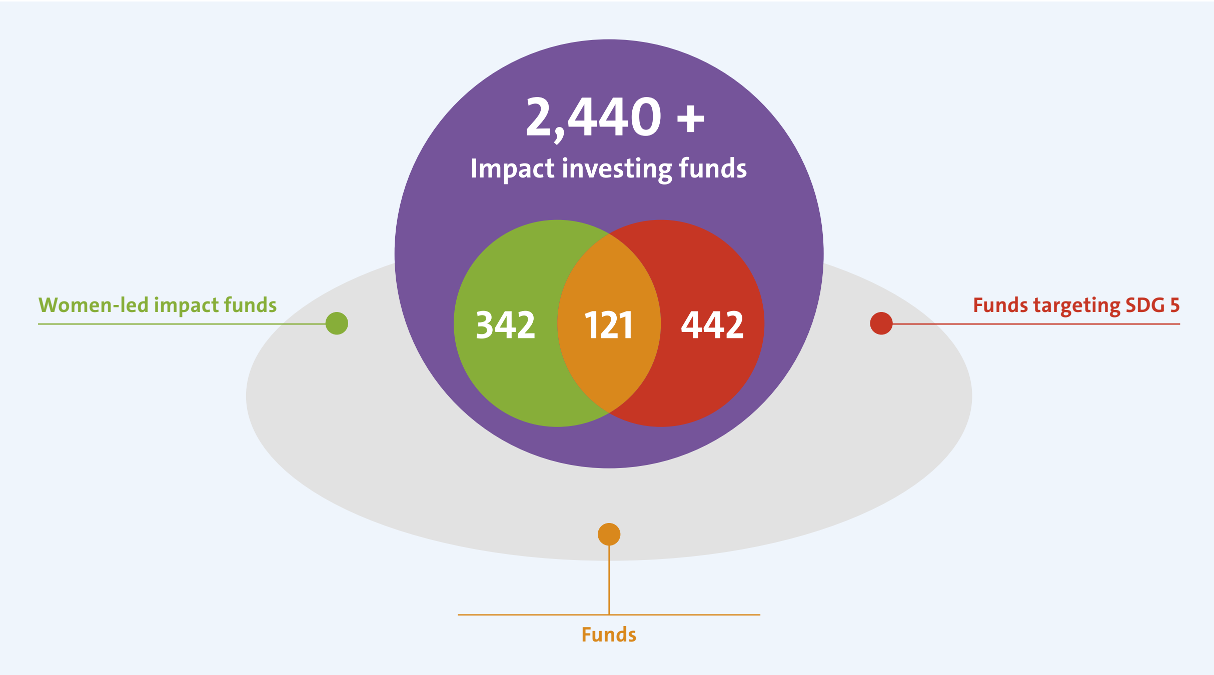


Source: Phenix Capital Group (2023).

For clarity, impact investing funds managed by women, i.e. founders and/or leadership positions occupied by women, are not necessarily equivalent to including SDG 5 as an impact investing objective, although they can overlap in certain cases. While having women in decision-making roles is important for promoting diversity and gender equality within the finance industry,[37, 38] it does not automatically mean that the fund specifically targets gender-related impact investments. In fact, only 35 per cent of funds managed or led by women in the Impact Database also target SDG 5 (Figure 9).[39] The key distinction lies in the intentional focus on gender-related social and economic outcomes within the investment strategy and portfolio.

FIGURE 9

BREAKDOWN OF THE NUMBER OF IMPACT INVESTING FUNDS



Source: Phenix Capital Group, as of July 2023.

Integrating gender equality objectives within different asset classes is a powerful strategy for impact investors to contribute to a more inclusive and equitable society. By aligning financial resources with gender equality goals, investors can drive positive change and create lasting impact. In this section, the Impact Database is examined to understand how impact funds with each of the following asset classes—private equity, private debt, real assets, public equity and public debt—currently integrate gender equality objectives. In addition, historical trends for the number of funds that target SDG 5, as well as case studies, are provided to illustrate current applications of gender lens investing per asset class. Of note, the selected cases are intended to illustrate the current state of play but their inclusion does not signify them as best-in-class examples.

3.3 TYPES OF ASSET CLASSES AND EXAMPLES OF GENDER INTEGRATION

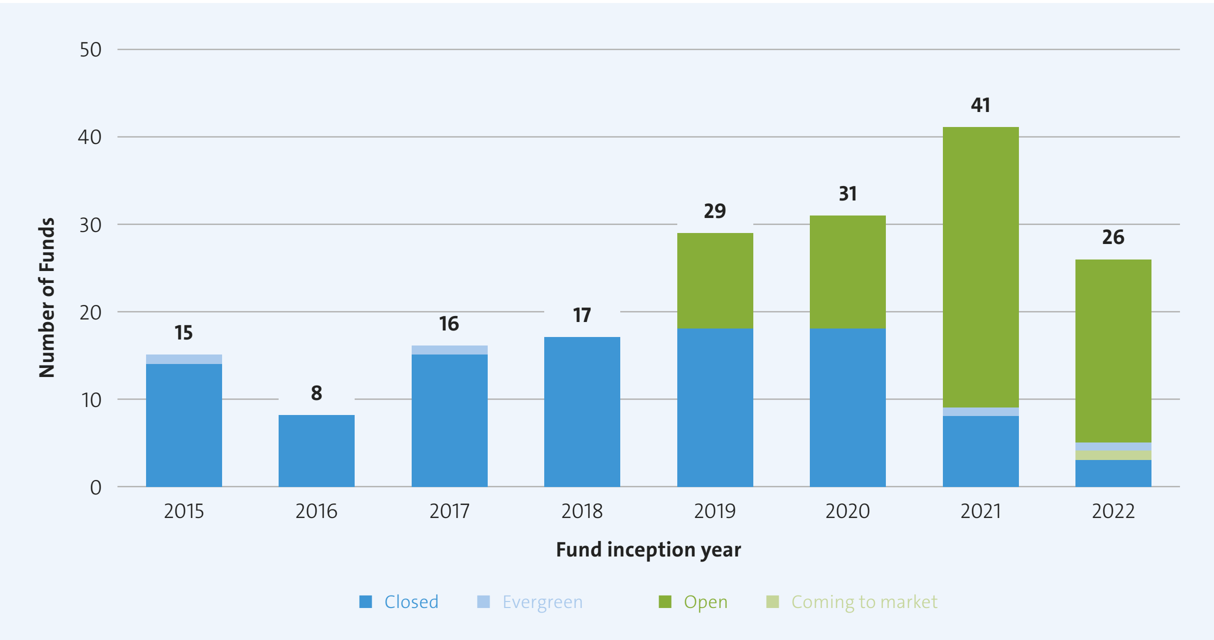
3.3.1 Private equity

Private equity offers a unique avenue for promoting gender equality by investing in women-owned or -led businesses and providing mentorship. Private equity funds are well-positioned to drive change within, or through, the companies they finance, exercising ownership rights and being involved in the management of the underlying investments. Private equity investors might take a seat on the board of the invested company, providing technical input and possibly incentives related to impact performance.

Investors can prioritize funding opportunities for diverse entrepreneurs at different stages, from early-stage start-ups to growth-oriented enterprises. Fostering diverse investment teams and challenging gender biases within decision-making processes are critical steps to ensure equitable access to funding opportunities. In the Impact Database, private equity represents the highest number of impact funds launched and currently open for investments. It also represents the biggest asset class in terms of assets under management, with 33 per cent of the AUM of impact funds with SDG 5 targets. Figure 10 shows the number of private equity funds being launched per year targeting SDG 5 and their fundraising status. A leap occurred between 2020 (31 funds) and 2021 (41 funds). Open-for-investment funds are available in all regions, mostly in Africa, Asia, the Arab States and Northern America.

FIGURE 10

PRIVATE EQUITY FUNDS LAUNCHED PER YEAR TARGETING SDG 5, BY STATUS



Source: Phenix Capital Group (2023).

How impact investing in this asset class addresses SDG 5 goals

Private equity strategies currently seek to contribute to SDG 5 in various ways, for example:

- **Investing in women-led enterprises:** prioritizing investments in businesses that are owned or led by women. These investments help address the gender gap in access to financial resources and leadership opportunities.
- **Supporting women's education and skills development:** investing in projects that focus on providing education and skills training to women and girls, for example, funding schools, vocational training programmes and initiatives to enhance women's employability.
- **Healthcare and family planning:** investing in projects that improve women's access to quality healthcare, for example, sexual and reproductive health services, clinics and centres and programmes aimed at reducing maternal mortality and promoting family planning.
- **Promoting gender diversity and inclusion in investee companies:** investing in companies that have strong gender diversity policies, promote women to leadership positions and foster an inclusive work environment.
- **Addressing gender-based violence:** investing in projects that work to prevent and respond to gender-based violence, in alignment with SDG 5's objective to eliminate violence against women and girls.
- **Supporting women's entrepreneurship and innovation:** investing in incubators, accelerators and programmes that support women-led start-ups and innovative initiatives.

BOX 1

PRIVATE EQUITY IMPACT FUND EXAMPLE

Cross Border Impact Ventures (CBIV) is an impact venture capital firm. It achieves impacts by targeting health areas in deep need of investment. Historically, health innovations for women, children and adolescents have received only a fraction of investment capital compared to those focused on men's health. This has resulted in persistent inequalities between women, men and children.

CBIV believes technology can play an important role in filling the gap of access to high-quality healthcare globally (inclusive of low- and middle-income countries) and that impact investors hold the key to making this possible.

Investments are needed for health systems to access the newest, most promising technologies at an affordable price.

CBIV measures women, children and adolescent users reached, as well as lives improved and lives saved, each a subset of the other.

Source: Adapted from Cross Border Impact Venture (2022). "Our Impact Approach".

In recent years, private equity funds have begun to link carried interest[40] with the achievement of impact objectives. If the fund manager reaches the impact objectives, they receive a base carry plus a premium. If said targets are not achieved, then only the base carry is achieved. This helps further incentivize fund managers to achieve impact outcomes. For investors, it can help reinforce the impact investing commitment of the fund manager. In relation to SDG 5, this approach could be applied by tying a percentage of the carried interest to the achievement of gender equality targets at the fund level.

How to strengthen the gender lens when impact investing in this asset class

Funds can implement the Women's Empowerment Principles to help ensure the implementation of more holistic gender equality policies and practices across the portfolio company's workplace, marketplace and community. This includes:

- Engaging with investees that are not WEPs signatories to encourage them to sign on, and report on the numbers of new signatories confirmed as a result.
- Focusing on sectors where women are more prevalent, both in terms of investing in gender-responsive companies within these sectors and in terms of engaging with current investees to advocate for practices and policies that improve working conditions for women and support gender equality and women's empowerment.
- Investing in gender-responsive companies in sectors where women are impacted by systemic discrimination, bias and stereotypes. Build on existing good practice (as per the examples above) and scale up investment in companies that provide products or services that focus on the unmet needs and wants of women and girls.
- Looking beyond quantitative indicators and investing in companies that are fostering more equitable and inclusive environments, for example by working with employees on eliminating harassment at the workplace, actively targeting the reduction and elimination of the pay gap between women and men, and providing fair career growth and paths for women and men.

3.3.2 Private debt

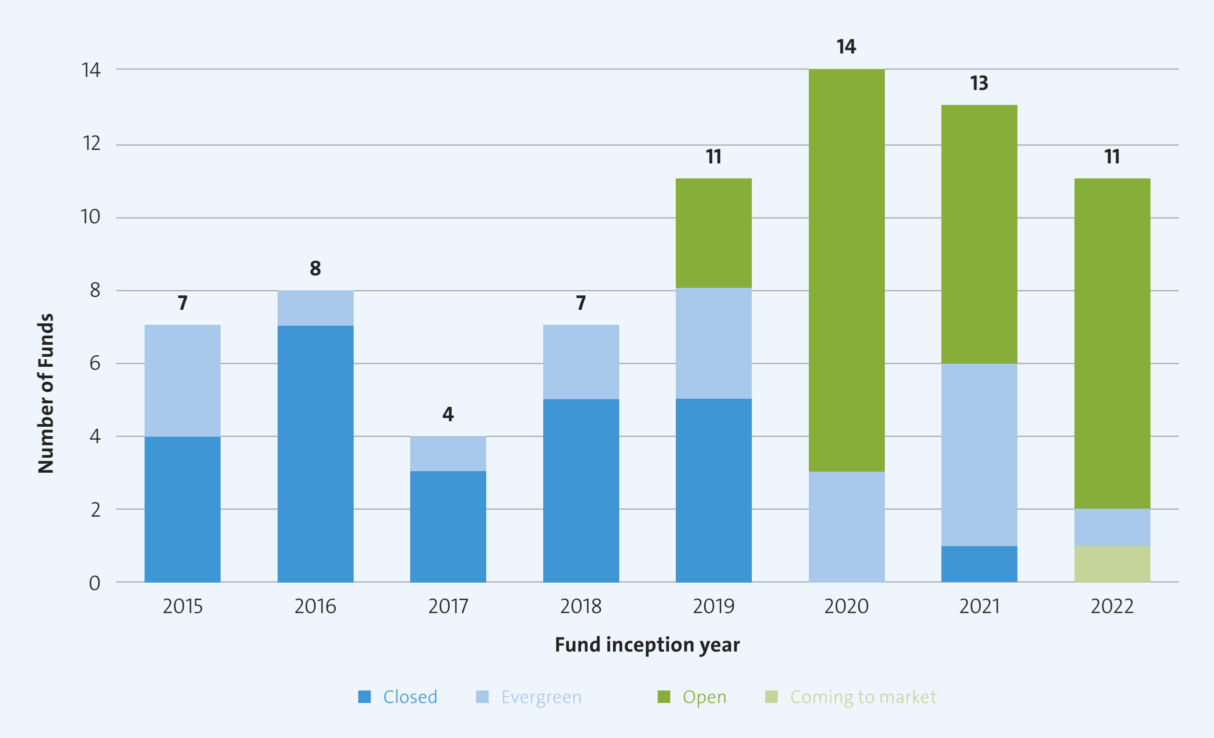
Within the private debt market, investors can support gender equality objectives by financing projects that prioritize women's empowerment. This includes investing in women-owned businesses, microfinance initiatives, and organizations that support gender-responsive initiatives. Integrating gender-focused criteria into credit analysis can help identify issuers that prioritize gender equality in their operations and encourage inclusive practices. Debt instruments enable deal structuring to specifically allocate proceeds to environmental or social outcomes. Lenders can negotiate terms that stipulate certain interest rates contingent on environmental or social outcomes.

Compared to other asset classes, private debt impact funds have a larger percentage of investment opportunities in emerging markets. Similarly, this asset class also presents a higher proportion of funds that target SDGs focused on social outcomes, including SDG 5, compared to the other asset classes, which often target environmental SDGs.

As shown in Figure 11, there was a steady growth in the number of funds launched since 2017 but this trend slowed down after 2020. Funds are open for investment which target all regions, mainly Africa, Asia, Central and Latin America, and the Arab States.

FIGURE 11

PRIVATE DEBT IMPACT FUNDS LAUNCHED PER YEAR TARGETING SDG 5, BY STATUS



Source: Phenix Capital Group (2023).

How impact investing in this asset class addresses SDG 5 goals

The various strategies observed to integrate gender equality objectives within private debt impact funds include:

- Making investments in microfinance institutions, which then provide small loans to underserved borrowers who do not have access to traditional financial products. These include microfinance platforms that provides loans to individual women and women-owned businesses, with the objective of providing them access to finance and non-financial services.
- Direct loans to organizations or enterprises that align with their specific impact objective. The sectors invested in can vary widely. By providing direct loans, impact investing funds can offer flexible financing solutions tailored to the specific needs of the borrower, often a small or medium-sized enterprise (SME). For example, SMEs can receive a reduced interest rate if they achieve goals related to gender equality. They may also receive technical assistance, mentorship or capacity-building support to enhance the success and impact of their activities as borrowers of the impact funds.
- Participating in blended finance structures, which involves collaboration with development finance institutions and donors that are willing to provide risk capital to finance projects. This strategy allows for larger funding and the risk of investment is shared. Defined as using official development finance to mobilize commercial private finance and/or philanthropy to scale up financing efforts, blended finance can be used across a range of sectors critical for achieving gender equality, including infrastructure, transport, agriculture, banking and energy. In 2020, the OECD undertook a survey asking 190 blended finance funds and facilities how their activities are aligned to SDG 5. Out of the assets under management by surveyed blended finance funds and facilities, 65 per cent responded that they integrate gender equality aspects (US$49 billion).[41] Only 1 per cent of assets under management was dedicated to gender equality and women's empowerment as the main objective.

BOX 2

INVESTMENT INDUSTRY STAKEHOLDERS AND TYPES OF ASSET OWNERS

The Ilu Women's Empowerment Fund is a gender lens impact fund to empower women and advance gender equality in Latin America and the Caribbean. It issues senior and subordinated debt investments to financial institutions.

It fundraised blended finance to expand the fund and invests in technical assistance projects as well. Projects have trained hundreds of team members from portfolio companies.

1,085 participants across the Americas

US$5.8 M raised in blended finance capital, with 80 per cent of transactions representing investors to the Ilu Fund

15 technical assistance projects in nine countries

17 tools featured in an open-source toolkit

3 webinars that reached 534 participants across 23 countries, of which 92 per cent identify as women and more than one third are entrepreneurs

14 regional workshops that reached 102 participants in 16 countries; 75 per cent identify as women

9 investor education events sharing our GLI approach that reached 841 people

3 case studies highlighting technical assistance in different project streams, countries and sectors

Source: Adapted from Deetken Impact (2021). Ilu Women's Empowerment Program: Report.

How to strengthen the gender lens when impact investing in this asset class

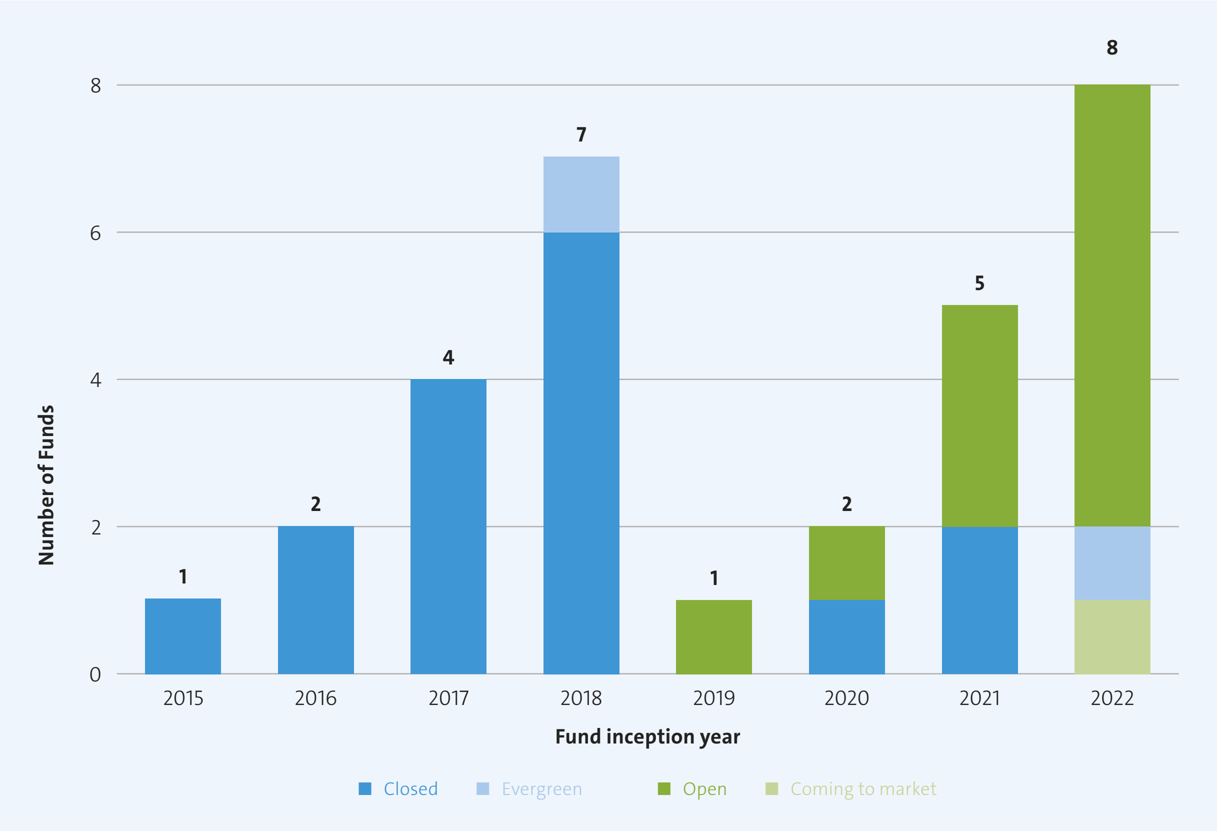
- Adopt an intersectional lens that recognizes the interconnectedness of gender with other dimensions of identity, such as race, class and sexuality. Ensure that investment strategies consider the diverse needs and realities of women across various social, cultural and economic contexts. This applies to other asset classes as well.
- Funds can also provide technical assistance to the borrower to support them in advancing gender equality within the workplace, marketplace and community.
  - Provide capacity-building support to women entrepreneurs and women-led/owned organizations, helping them develop business skills, access networks, and access finance. This can be achieved through partnerships with NGOs, training programmes, mentorship and advisory services.
  - Support organizations and initiatives that raise awareness about gender equality issues, raise awareness about opportunities of financing for women, and drive social and cultural shifts toward gender parity. This is particularly relevant for emerging markets, where many private debt funds are active.
- Where appropriate, seek to use performance-based instruments such as sustainability-linked loans that encourage the borrower to achieve specified gender equality impact targets by a given date. These can be used to catalyse new organizational commitments towards gender equality and to drive meaningful impact.

3.3.3 Real assets

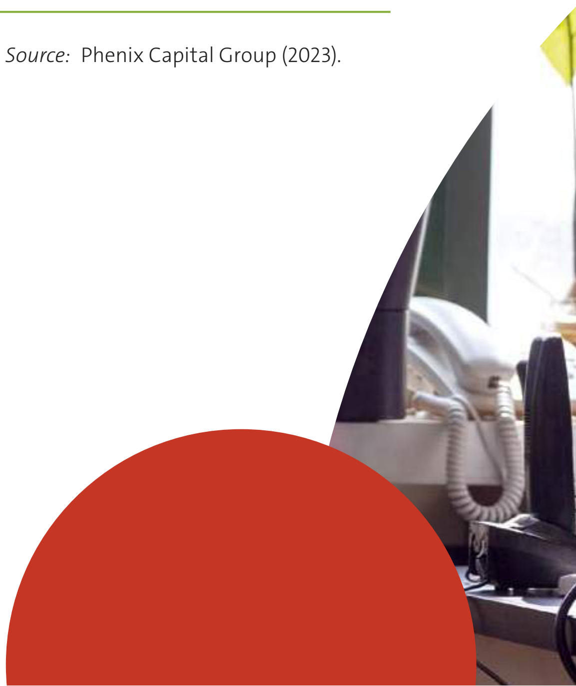
The grouping under real assets includes the following asset classes: farmland and cropland, infrastructure, real estate and timberland/forestry. Given the size of underlying assets and projects, the size of funds in real assets is among the largest within the alternative asset classes. Figure 12 suggests that the number of real assets impact funds pursuing SDG 5 is limited. Nonetheless, some of the more advanced gender equality strategies can be found in the real estate asset class.

FIGURE 12

REAL ASSETS IMPACT FUNDS LAUNCHED PER YEAR TARGETING SDG 5, BY STATUS



Source: Phenix Capital Group (2023).



How impact investing in this asset class addresses SDG 5 goals

Real assets are not typically associated with impact investing strategies targeting SDG 5. This can be explained by gender gaps in property ownership due to discriminatory norms and legislative frameworks. Even in countries where women constitute the majority of small farmers and do more than 75 per cent of the agricultural work, they are routinely denied the right to own the land they cultivate and depend on to raise their families. Gender inequality in ownership of real assets and inheritance rights limit women's economic prospects.

Ownership of land and property empowers women and provides income and security. This, in turn, can provide them with the necessary collateral to start businesses. It is also key to eradicating poverty, increasing agricultural investment and ensuring food security.

Real estate

Real estate is one of the most mature asset classes in impact investing, with fund managers having solid track records and multiple vintages of affordable housing funds. Such strategies provide housing units for rent or sale for those with a median household income or below, and whose demands are not met by the market (this is directly related to SDG 11 on sustainable cities and communities).

Beyond the economic factors behind affordable housing, affordable housing funds can set clear targets to improve the well-being of inhabitants, creating an ecosystem that promotes diversity and inclusion. Examples include fund managers collaborating with foundations and/or other not-for-profit organizations to provide commercial real estate education, scholarships and internships to underserved and underrepresented communities. An affordable housing fund in the United Kingdom provided a safe space for women and their children in vulnerable situations.

Photo: UNWomen /Luke Duggleby

BOX 3

REAL ESTATE IMPACT FUND EXAMPLE

Homelessness for women is a different experience than for men. It therefore requires a gendered approach and a bespoke solution for housing and support.

Women's homelessness is often rooted in trauma and violence:

- **35 per cent** of women who have slept rough left home to escape violence
- **53 per cent** of women in prison survived emotional, physical or sexual abuse during childhood
- **7 in 10** women in prison are survivors of domestic abuse.

Existing housing options do not serve women sufficiently well:

- **60 per cent** of referrals to refuges are turned away
- **66 per cent** of homeless adults in temporary accommodation are women.

There are knock-on effects for the families of women in prison; 90 per cent of children must leave home due to their mothers' impris onment. They are caught in a "Catch-22" situation. Upon release from prison, a woman is generally unable to get her children back from social care or family arrangements unless she has somewhere suitable to live. However, she is often not entitled to suitable housing unless her children are living with her.

Ambitions

With **GBP 1.5 million** in support provided by Patron, the fund was launched in January 2021 with **GBP 15.5 million** committed by seed investors, including **GBP 1 million** committed by Keith Breslauer. The Women in Safe Homes Fund's ambition is to scale up rapidly, with a target size of **GBP 100 million**, of which **GBP 26 million** has been raised in the first nine months to house **600 to 1,000** women and their families. Investor returns are projected to be in line with investments in similar asset classes with the significant upside of positive social impact.

Impact measurement

The fund measures its impact through five principles established via workshops with its charity partners.

1. Recognizing women's oppression

Recognizing and responding to the gendered disadvantages and inequality experienced by women and how this plays out for women at risk of abuse and homelessness.

2. Aligned investment

Investing in appropriate, safe housing for women, which aligns the intended outcomes of the fund with the needs and contexts of different women's sector organizations (WSOs).

3. Appropriate calling

By tailoring the approach of the fund to each individual project and its unique focus and context, it is hoped that the fund will grow so that more women will benefit from safe housing. This needs to happen in the right way.

4. Empowerment

Women access safety and have choice and control over their lives. WSOs have more stability and control of their futures. Empowered WSOs can do more to empower women they work with.

5. Inspiration

Learning is gathered throughout the life of the fund and shared to inspire more women to engage with WSO housing offers. This inspires WSOs and investors to invest in housing for women and to promote effective approaches to policymakers.

Source: Adapted from Patron Charitable Initiatives (2021). 2020-2021 Report.

Infrastructure

Infrastructure projects that include SDG 5 targets typically involve access to clean energy and water in underserved communities, and social infrastructure, such as schools, universities and hospitals. Within these projects, investments can directly contribute to SDG 5 with best-in-class environmental and social practices during the project development, construction and operation. It is key that women are brought to the decision-making table at the very outset and before the project design phase.

Infrastructure funds also support projects that prioritize gender-responsive infrastructure, such as transportation systems with safe and accessible options for women, renewable energy initiatives benefiting women-led communities, and water and sanitation facilities that address women's specific needs. Collaborating with stakeholders to include gender considerations in infrastructure planning and design is essential for meaningful integration.

Farmland and cropland

Farmland and cropland funds provide capital to expand and improve the agricultural operations of farmers and secure their livelihoods and sustainable practices. Strategies to contribute to SDG 5 through this type of investment include setting metrics on women's access to land ownership, attracting and retaining domestic local talent, and building more prosperous rural communities.

Photo: Asian Development Bank

BOX 4

CROPLAND FUND EXAMPLE

The Common Fund for Commodities (CFC) has the mission to contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating their economic vulnerability. The Fund was established in 1989 as an intergovernmental financial institution.

REDUCING VULNERABILITY TO PRICE VOLATILITY IN KENYA

CFC/2016/09/0097 and CFC/2021/18/0001 FT

Submitting institution:	Shalem Investment Ltd
Location:	Kenya
Commodity:	Grains
Total cost:	US$2,100,000
CFC financing:	US$610,000 (of which US$500,000 is financed by the Dutch Trust Fund)
Co-financing:	Other impact financiers: US$800,000

Project description:

Shalem Investment Ltd is a female-led agribusiness aggregating, transporting and marketing grains, cereals and legumes from a network of over 29,000 smallholder farmers; 70 per cent are women. A female CEO and founder created the business to help smallholder farmers in successfully marketing their sorghum crops. The CFC extended a loan for it to diversify into nutritious flour and porridge for low-income consumers. By developing nutritious products from drought-tolerant sorghum and millet in addition to maize, Shalem aims to reduce malnutrition in rural areas and create a stable income source for local farmers.

The nutritious food plant commenced operations at the end of 2019, producing fortified staple foods, such as maize flour (ugali) and porridge. Shalem's Asili Plus Porridge and Ugali are currently supplied to schools and are available in over 50 retail shops and bottom of the pyramid (BoP)-markets in Meru and the surrounding counties, reaching over 46,000 BoP consumers with affordable nutritious food.

Source: Adapted from Common Fund for Commodities. (2021). Annual Report 2021.

Timberland and forestry

Investments in timberland and forestry include land restoration, afforestation, sustainable land use and prevention of land degradation. Only one fund in the Phenix Impact Fund Database in this asset class contributes to SDG 5. However, similar to the farmland and cropland asset class, funds here can set social targets to benefit local communities and support job creation and women's empowerment.

How to strengthen the gender lens when impact investing in this asset class

- In the realm of real estate, invest in projects that promote affordable and safe housing for women, prioritize the needs of female-headed households, and enhance access to commercial spaces for women entrepreneurs. Incorporating gender-responsive design principles, such as childcare facilities and ensuring proper lighting and security, can create inclusive environments that support gender equality.
- Infrastructure investments can be made more gender-responsive by integrating gender considerations throughout the investment lifecycle. This includes promoting women's participation in decision-making —ensuring representation of diverse lived experiences, and creating inclusive infrastructure that supports women's safety, accessibility and economic empowerment.
- Invest and promote women's land ownership in the context of farmland and cropland, to address the gaps in property ownership, empowering women and providing income and security. Another strategy is to support projects that promote gender-equitable practices and relationships throughout the agricultural value chain. This includes ensuring fair wages and working conditions for both men and women in the value chain.
- In the context of forestry and timberland, funds can strengthen community development and invest in projects that empower women at the community level, such as women's cooperatives or community-based initiatives.

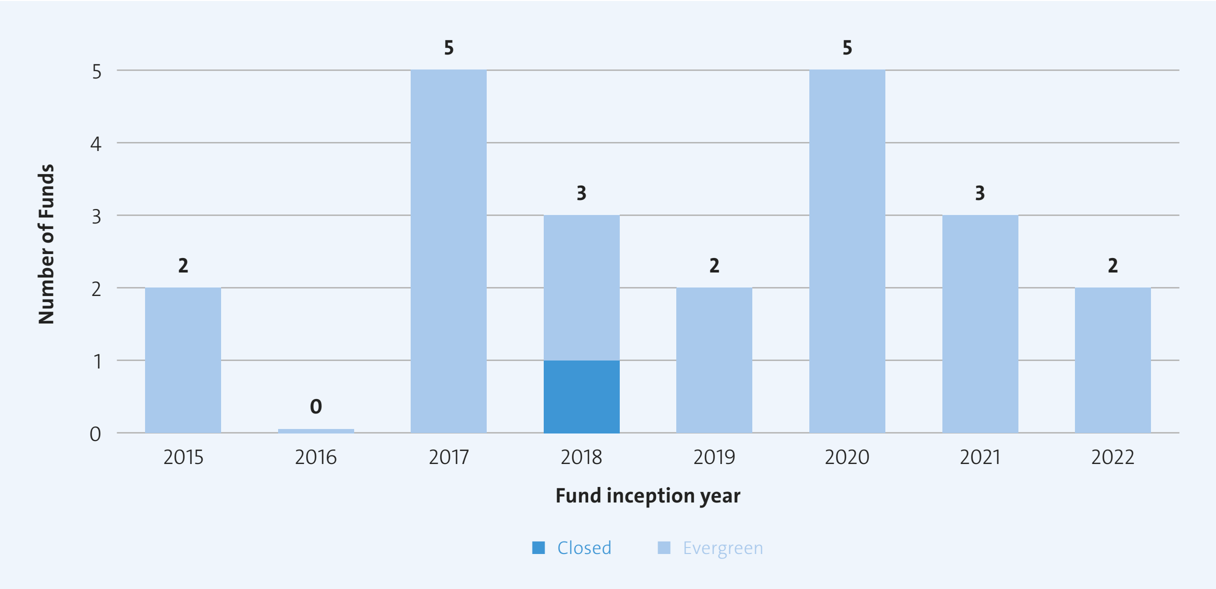

Photo: ONUFEMMES/Alioune NDIAYE

3.3.4 Public equity

While their roots are firmly in private markets, impact investing strategies are also being applied to other asset classes, especially in public equity, i.e. shares of companies that trade on stock exchanges. Investors are taking advantage of the size and the breath of coverage, which provide opportunities to leverage change and scale up over time. Public equities offer a powerful platform for advancing gender equality objectives. Investors can strategically invest in companies that prioritize gender diversity in leadership positions, promote pay equity and implement policies to support work–life balance. Engaging with companies through active ownership and proxy voting can also influence gender-responsive practices.

FIGURE 13

PUBLIC EQUITY IMPACT FUNDS LAUNCHED PER YEAR TARGETING SDG 5, BY STATUS



Source: Phenix Capital Group (2023).

How impact investing in this asset class addresses SDG 5 goals

While there has been an ongoing debate around the impact contribution of investing in public companies, with capital already deployed and corporate purposes set, it is now recognized that corporate engagement can influence established companies to value the benefits of exploring new areas of sustainable growth that lead to more resilient, long-term business models. For a public equity fund to be considered as applying impact investing strategies, it often adopts an approach characterized by:

- A long-term orientation in looking at companies and client portfolios, a time horizon aligned with the capital allocation of the business, and clarity on the degree of intentionality at the stock and portfolio level.

- High-conviction positions in concentrated portfolios, actively handpicking a limited number of impactful businesses.
- Active ownership focusing on constructive dialogue with companies to facilitate improvements.
- A clear measurement framework, clear goals at the company and portfolio level, and progress reported consistently over time. This is possible because of information disclosure and transparency requirements for large mature public companies to ensure they remain accountable to shareholders.

Impact investing strategies for public equity funds typically have a global scope and can be either sector-agnostic or thematic. Fund managers can exclusively focus on SDG 5 or target it in combination with other goals:

- When combining SDG 5 with other developmental goals, public equity fund managers include a gender lens in their investment process and engagement topics. Current practice includes setting targets and reporting on the process of improving board gender diversity within the portfolio. Fund managers may use their voting rights against the reappointment of directors when gender diversity is less than a specific threshold.
- Public equity funds with a specific focus on SDG 5 restrict the investment universe to companies that promote gender equality (e.g. WEPs signatories), alongside high-quality ESG practices, products and services.

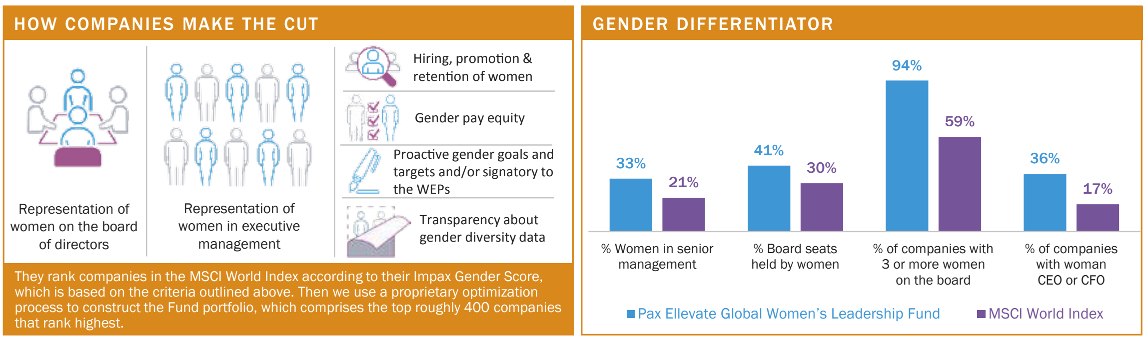
BOX 5

PUBLIC EQUITY IMPACT FUND EXAMPLE

Pax Ellevate uses its own gender leadership criteria to build the Imax Global Women's Leadership Index. It also encourages companies in its portfolio to become pay equity leaders. This is done by conducting pay equity assessments, disclosing the results and committing to closing any pay gaps that exist.

Investing for impact

The Pax Ellevate Global Women's Leadership Fund was the first broadly diversified mutual fund to invest in the world's highest-rated companies in terms of advancing women. Today, it is the largest of its type, with more than US$1 billion in assets under management. The Fund invests in companies that understand the value of gender-diverse leadership teams, which has resulted in strong performance and a half-decade milestone.



Source: Adapted from PAX Ellevate Fund. (2021). Pax Ellevate Global Women's Leadership Fund – Q3 2021.

How to strengthen the gender lens when impact investing in this asset class

- Public equity impact funds have the potential to extend their impact beyond individual empowerment and direct investments towards companies that support a more fundamental transformation of social and economic structures, social norms and stereotypes. Companies can do this through the nature of the products and services offered (e.g. those that enable improved education access for girls) and by challenging traditional gender stereotypes in advertising messaging. They can also support women's economic participation through high-quality employment opportunities and by fostering more inclusive and equitable environments, for example, by offering shared parental leave policies that can contribute to longer-term transformation in caring responsibilities.
- Ensuring impact for gender equality and women's empowerment requires moving beyond gender parity data to monitoring the qualitative aspects of social change. Given the long-term nature of this type of social change, proxy impact indicators are an important way of tracking progress, articulated within a well-defined impact thesis that is informed by strong gender expertise.
- Fund managers can undertake engagement on specific gender equality issues and encourage companies to think beyond board diversity, for example, by pursuing pay equity, implementing paid parental leave policies and through gender-responsive procurement practices. Supplier diversity programmes that prioritize sourcing from women-owned businesses can contribute to economic empowerment and create a ripple effect in the broader business ecosystem. Companies can be encouraged to convene or participate in sector-wide reforms that tackle gender equality issues, for example, gender-based violence in agricultural value chains.
- It is recommended that fund managers go beyond assessing investment prospects based on their board diversity to embrace the entire WEPs framework, which covers all aspects of gender equality in the workplace, marketplace and community. The Women's Empowerment Principles propose over 70 indicators, which can be used as impact indicators for investments.


Photo: Shutterstock

3.3.5 Public debt

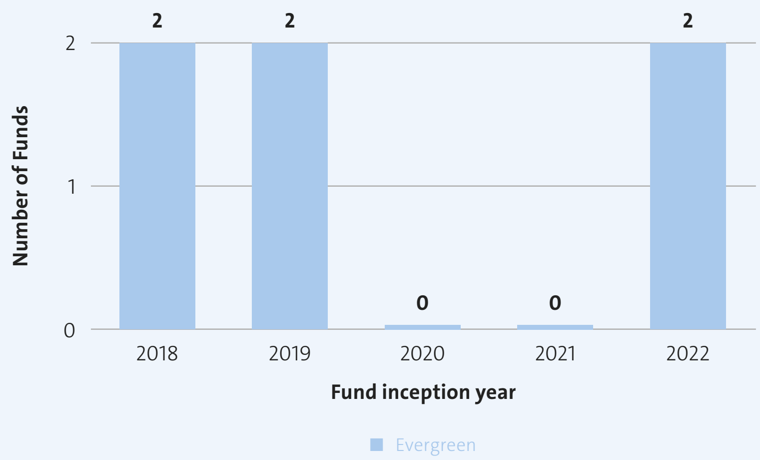
Bonds are less risky instruments than shares and can provide stable income generation through fixed repayment schemes. Investing in public debt (bonds) to contribute to specific sustainability targets, including the SDGs, can provide liquidity to the market while contributing to the SDGs.

The liquidity aspect of public markets and low minimums allow for broad and easy access to these investments.

Figure 14 shows the trend of an increasing number of funds launched since 2016, followed by a decline since 2019. Most impact funds in the market remain open (or in an evergreen structure) and can receive and deploy capital fast. New strategies reached a peak in 2019, with a track record of over two years that better positions them for institutional investors' capital allocations.

FIGURE 14

PUBLIC DEBT FUNDS LAUNCHED PER YEAR TARGETING SDG 5, BY STATUS



Source: Phenix Capital Group (2023).

How impact investing in this asset class addresses SDG 5 goals

Bond instruments, akin to impact investing, are often collectively labelled sustainable bonds, which include green bonds, social bonds and sustainability bonds, as well as sustainability-linked bonds, under the principles and guidelines established by the ICMA.[42] Sustainable bonds, except for sustainability-linked bonds, apply the proceeds (the capital raised from the bonds) to eligible environmental or social projects or combinations of both. Sustainability-linked bonds are performance-based bonds, designed to encourage the issuer to achieve predetermined sustainability outcomes.[43]

Within this asset class, gender bonds are exclusively dedicated to advancing gender equality or SDG 5, as detailed in Bonds to Bridge the Gender Gap: A practitioner's guide to using sustainable debt for gender equality, developed by UN Women, the IFC and ICMA. Gender bonds could be considered if the issuer aims to raise its profile as a leader in advancing gender equality, if its pipeline or forecast includes gender projects that are exclusively focused on gender equality, and if the aggregate financial needs of the gender projects in the issuer's pipeline are expected to equate to the size of the bond being issued.

Targeting SDG 5 is a relatively novel approach in this asset class, with few funds able to demonstrate their intentionality, contribution and impact measurement. According to the Impact Database, a few public debt funds include SDG 5 as a target among many other SDGs.

BOX 6

PUBLIC DEBT IMPACT FUND EXAMPLE

Symbiotics is a platform for impact investing focused on emerging and frontier markets. It has launched an INR 244.6 million gender-focused social bond on the Luxembourg Green Exchange. This strategy is the world's first INR-denominated gender bond.

The bond aims to promote gender equality in India and is expected to be the first in a series of such gender-focused bonds to be arranged by Symbiotics Investments and displayed with the gender-focused bond flag on the Luxembourg Green Exchange. The bond is anticipated to generate approximately 6,000 loans to female entrepreneurs in India and will contribute to advancing women's empowerment.

Note: This instrument has not yet been included in the Phenix impact database.
Source: Adapted from Symbiotics Investments (2022). Symbiotics Investments Brings World's First INR-denominated Gender-focused Bond to the Luxembourg Green Exchange.

How to strengthen the gender lens when impact investing in this asset class

- Understanding how issuers measure and report the impact and outcomes of a gender bond issuance is vital. This includes disclosing information on the gender-related outcomes of their investments, such as the number of women in leadership positions, policies promoting pay equity and initiatives supporting women-owned businesses. Transparent reporting allows investors to evaluate the fund's progress and hold it accountable for its commitments to SDG 5.
- The market for gender bonds has been steadily growing, which offers opportunities for additional investment in projects that specifically target gender-related challenges by, for example, supporting women entrepreneurs, addressing gender-based violence or enhancing women's access to education and healthcare.

Photo: UN Women/Ishak Saleh

4 CONCLUSIONS AND RECOMMENDATIONS

4 CONCLUSIONS AND RECOMMENDATIONS

This report highlights the role that institutional investors and impact funds can play in directing more financing towards SDG 5 to achieve gender equality and empower all women and girls. It reveals a diversity of current approaches within the evolving field of gender lens investing, ranging from those more focused on risk mitigation and value creation to those where impact ambitions play a more prominent guiding role. Yet the potential of the field is clear—by advancing the depth of the gender lens applied in investments, there are opportunities to support transformative change across asset classes.

The research on approaches by **institutional investors** shows that gender lens investing is gaining momentum as investors recognize the significance of considering gender factors in their investment decisions to achieve financial and impact goals. Interpretations of the scope of this evolving field remain diverse, guided by various frameworks and principles, including the UN SDGs, the 2X Criteria and the UN Women's Empowerment Principles.

Accordingly, a range of approaches are applied. Gender considerations are integrated at different stages throughout the investment process, particularly during screening and due diligence. This approach helps investors uncover hidden risks and improve gender equality outcomes.

Respondents highlight the importance of gender diversity within organizations for improved performance. Investors that prioritize gender lens investing therefore often support investees in enhancing their internal management of gender-related matters, fostering progress towards more equitable and sustainable business practices.

Institutional investors committed to gender lens investing emphasize measuring and reporting impact to ensure transparency and accountability, which is further encouraged by the regulatory environment in certain countries. However, the lack of reliable gender-disaggregated data poses challenges.

On the **fund and asset manager** side, the integration of SDG 5 as an impact objective varies across asset classes. The number of investment vehicles launched each year and that target SDG 5 grew until 2021 and then slowed down in 2022. Assets under management in these vehicles, however, are constantly increasing. They amount to US$56 billion as of July 2023, representing a growing demand for SDG 5 impact funds. Private equity represents the most mature impact strategy targeting SDG 5 with the highest number of impact funds and assets under management. While the number of funds remain limited, real assets is the only asset class that saw an increase of funds launched in 2022. Private debt funds instead have slightly slowed down new fund launches since 2020, similarly to the public equity asset class. Public debt represents a smaller segment of the market but with a constant launch of new funds per year. Overall, funds including SDG 5 targets represent 17.2 per cent of all impact funds tracked in the Phenix Capital Impact Database as of July 2023. The assets under management of these funds are constantly growing, but the total amount is still much below other SDGs, such as those related to the energy transition, e.g. SDG 7.

Overall, evidence of the **impact of gender lens investing on gender equality** remains—so far—largely anecdotal, but the direction of this evolving field holds promise. Renewed efforts are being made to ground gender lens investing in feminist principles and centre meaningful impact for women and girls. By prioritizing transformative outcomes, investments can contribute to the realization of gender equality. Moving forward, it is crucial for investors and impact fund managers to continue exploring innovative approaches and collaborations that further strengthen the depth of gender lens investing. This includes committing to generating positive impacts on gender equality, with accountability structures in place to measure, monitor and report on the impacts achieved.

For gender lens investing to work towards the goal of inclusive and sustainable development that leaves no woman and girl behind, it is important to incorporate the principles and perspectives of feminist economics into investment practices. Here are 10 ways to advance this:

1. **Intersectional approach:** Adopt an intersectional lens that recognizes the interconnectedness of gender with other dimensions of identity, such as race, class and sexuality. Understand how different forms of oppression intersect with and impact individuals' experiences. Ensure that investment strategies consider the diverse needs and realities of women across various social, cultural and economic contexts.
2. **Due diligence:** Screen investments for companies that promote gender equality, human rights and environmental sustainability. Exclude those industries that perpetuate gender-based violence, exploitation and ecological harm, unless the investment will help to eliminate these practices. Consider the risk of negative externalities in terms of gender equality, environmental and social impact and ensure risks are actively managed.
3. **Participatory decision-making:** Support shifts in power to value and incorporate perspectives and expertise that have been traditionally excluded from financial processes. Engage women and marginalized groups directly in the investment process. Include their voices and perspectives in decision-making, from setting investment priorities to evaluating impact. Recognize the importance of community-led initiatives and support grassroots organizations working towards gender justice.
4. **Economic empowerment:** Prioritize investments that promote women's economic empowerment, including access to decent work, equal pay and entrepreneurship opportunities in line with the Women's Empowerment Principles. Support initiatives that challenge gender-based occupational segregation and promote women's leadership in traditionally male-dominated industries.
5. **Structural change:** Go beyond individual empowerment and target the structural barriers and systems that perpetuate gender inequality. Invest in initiatives that challenge patriarchal norms, discriminatory laws, institutional biases and inequitable distribution of wealth and power within society. Actively seek out and finance organizations and projects that aim to transform social, economic and political structures to create more equitable environments and outcomes.

6. **Long-term impact:** Invest with a long-term perspective that considers sustainable and transformative change. Define gender equality impact objectives that are locally contextualized and supported by a clear impact thesis, which is informed by holistic gender and power analyses. Recognize that addressing gender inequality requires persistent effort and a commitment to go beyond the sometimes short-term vision of economic returns. Support initiatives that aim to create lasting impact and foster gender equality across generations.
7. **Gender-responsive metrics:** Develop and utilize gender-responsive metrics and indicators to assess the impact of investments on gender equality and women's empowerment. Move beyond simplistic gender parity data and individual-level metrics, and delve into the qualitative and institutional aspects of social change. Consider both financial and non-financial outcomes, including paid caregiving, workplace flexibility, and anti–sexual harassment policies, and measure progress towards feminist goals.
8. **Transparent reporting:** Practise transparent reporting on gender lens investments, including both successes and challenges. Share information on investment strategies, impact measurement methodologies and lessons learned. Foster accountability and learning within the gender lens investing community to continuously improve practices and align with feminist principles.
9. **Collaboration and knowledge sharing:** Foster collaboration among and between investors, feminist economists, activists, civil society and gender experts, such as through the WEPs network of CEOs and companies. Facilitate knowledge exchange between groups' respective areas of expertise, and share best practices and emerging research on feminist economics and gender lens investing. Engage in cross-sectoral partnerships to amplify impact and work collectively towards gender justice.
10. **Policy advocacy:** Advocate for policy changes that address systemic gender disparities, challenge discriminatory practices, and promote inclusive and equitable economic systems. Investors to use their influence to engage with policymakers and promote gender-responsive regulations and frameworks.

By integrating these elements into gender lens investing, work can take place towards systemic change that advances gender equality and social justice, which moves beyond surface-level interventions.

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34. In particular, the Impact Database's inclusion criteria include investment and impact characteristics: (i) Investment lens: all funds have a clear investment thesis, stable and consistent execution and track record, an institutional investor base and dedicated sustainable and impact teams; and an (ii) Impact lens: funds need to integrate impact across the entire investment cycle, including screening, selection, due diligence and exit. Funds also need to report on impact metrics at the portfolio and fund level. These metrics must measure progress on social and/or environmental outcomes.
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UN WOMEN IS THE UN ORGANIZATION DEDICATED TO GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN. A GLOBAL CHAMPION FOR WOMEN AND GIRLS, UN WOMEN WAS ESTABLISHED TO ACCELERATE PROGRESS ON MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

UN WOMEN

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