



FAQ:

GENDER LENS INVESTING

I'm confused about the terminology. What's the difference between 'gender lens investing', 'investing in women and girls' and 'investing for a women effect'?

Gender Lens Investing and Investing in Women and Girls are used by some interchangeably and by others as two separate frames of reference. Investing for a women effect is the same thing as gender lens investing.

We believe that the women effect is realised when we apply various 'lenses' when performing diligence, making investment decisions, reviewing a portfolio, or acting as active shareholders. But an investment in a program for men and boys, or in a male led start-up that looks how women are positively affected in the value chain, or asking where women show up within a public equity strategy could all lead to a positive women effect.

Is this just about quotas and getting more women on boards?

It's not enough to just 'count' women in an investment opportunity – just because there's a woman on a board doesn't mean there's a positive women effect. It's important to ask questions around roles and influence – how much agency do they have over their workplace? What are their working conditions like? What is their role in the board room? In decision making? Where are they on a cap table?

Counting can serve as a signal or as one data point to a question we are seeking - but we need to recognise when we are counting and when we are valuing.

What kind of people are interested in gender lens investing?

People who come to gender lens investing are very diverse – men, women, individuals and institutions. The common thread is that they believe investing in women and girls is smart. Some come from a bottom line perspective and recognise backing women and girls, who are historically undervalued across the value chain, as a market opportunity.

Investing for a positive women effect is a way to capture an opportunity or de-risk an investment or portfolio. In other words, to be a better investor, one needs to be paying attention to women and girls.

Other investors view investing in 50% of the talent pool as an economically sustainable strategy that leads to prosperity for all. Others still come at it from a human rights and social justice perspective and want to bring that into their investing. Many others come with a blended version of these two or a blended portfolio where one approach factors more prominently in certain investments or within certain asset classes.

Some investors have an issue or a sector or a geography they really care about it and others are completely agnostic and just want to get more capital into the hands of and working for women. All perspectives are welcome in the Women Effect Community -- and in fact, we hope that by meeting others with different perspectives and strategies, we will create some innovative investible solutions.

What if I don't lead with 'women'?

An investor may choose to view an entire portfolio through a gender lens or just one asset class. Depending on the asset class there will be a different level of analysis. Similarly, an investor may not lead with a focus on women but fold it into their diligence alongside other foci i.e. women and water, women and climate change, etc.

If this is an emerging field, isn't it riskier? Where's the evidence that women effect or gender lens investing works?

The evidence is emerging that investment in women and girls results in a better bottom line – both in terms of individual and societal outcomes and in terms of financial returns. Investors in this field believe we have enough data to get started. In fact, only by making investments and analysing returns will we begin to fully develop the body of evidence.

Other people will argue that there are structural barriers that first need to be addressed and others think we just need to strike. We're not suggesting proper diligence isn't a priority but not every single question may need to be sealed up in order to invest.

What else can I do, as an investor?

Your money says something about who you are and represents you in the world. Throughout the asset classes investing with a gender lens involves understanding what you own and finding your voice as an owner. This might be as bold as shareholder activism or as discreet as passing on investment opportunities in which the investor's areas of interest are either opaque or incompatible.

If we come together as shareholders and prospective shareholders to collectively ask questions around women and girls, we will incite demand for product, reporting and investible solutions.

Are there enough investible solutions for the things I care about?

Not all the issues facing women and girls have an investible solution. It's not a panacea – we may never find a market opportunity for giving grassroots women's groups a voice in their communities. There will always be a role for philanthropy and aid. However, there may be investible solutions for some areas – disrupting the porn industry as an example – that could be developed together and many people who have come to the Women Effect Community are interested in doing just that.

What role can philanthropy play in solving some of these challenges?

Philanthropy can be used to do impact investing or to fund research, analysis and/or field building in gender lens investing. A grant for social impact could be given alongside a direct investment to create a positive women effect. A program that made five impact investments and then issued a grant for impact measurement and reporting would be of immense value.

Some of the challenges that affect women and girls are better solved at the category level rather than as an individual investment. Sometimes an investor or a group of investors or a fund manager might ask 'what's it going to take to move an entire product category?' An example is menstrual hygiene management in East Africa. The problem is at scale but there are no brands addressing this at scale for the low-income population. No one company could really take that on. So an investor could invest in the market leader(s) and then also do some grant-making alongside the investment to promote social change.

**Got any more questions? Ask us on Twitter
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