

# Assessing gender-based value creation during an Investment Committee: tip sheet

## Why this is important

- + As members of the Investment Committee (IC), you play an essential decision-making role in driving capital to the right places. Systems of finance are powerful levers to address systems of power. This becomes even more important when tackling gender inequalities, as historical power imbalances have led to the gender gaps we face today. As members of the IC, you can influence the direction of capital to address these imbalances by explicitly enquiring where the money is going, and how it can be used to drive gender equality through the deal negotiation process.
- + This tip sheet has been designed to help IC members ask the right questions about gender equality from a commercial and impact angle. Although not an exhaustive list, it should be used to help identify and focus your line of inquiry during deal discussion.

Indicative questions along the gender corporate value chain	Key sectors	Rationale behind the question
<p><b>Women in leadership</b></p> <ol style="list-style-type: none"> <li>1. What is the gender balance of board and senior management? How might this impact strategy, operations and corporate governance?</li> <li>2. Is there a corporate target in place to improve the gender balance of the leadership team?</li> <li>3. Who from the deal team will be monitoring progress?</li> </ol>	<p>All sectors including: Infrastructure, Power, Off-Grid Services, Telecoms, Financial services, Manufacturing, Food and Agriculture, Consumer, Healthcare, and Education.</p>	<p>Evidence has shown that gender-balanced leadership teams enable fund managers and companies to broaden their perspectives, improves business performance and leads to higher Internal Rates of Return (IRR) and valuations.</p> <p>Evidence has shown there exists a strong positive correlation between women in leadership and better environmental and social management and corporate governance practices, as well as improved workforce and consumer base decision-making.</p>
<p><b>Women as employees</b></p> <ol style="list-style-type: none"> <li>1. What is the gender balance of the workforce (direct and material supply chains)?</li> <li>2. How might this impact business activity?</li> <li>3. Does the deal present the opportunity for employment creation and/or career mobility for women?</li> <li>4. Are there departments across the workforce that would benefit from an increase of female staff, as it could positively and materially affect business activity?</li> <li>5. What gender-smart interventions has the deal team put in place to close gender gaps in the workforce? Which deal levers are being used?</li> </ol>	<p>All sectors including: Infrastructure, Power, Off-Grid Services, Telecoms, Financial services, Manufacturing, Food and Agriculture, Consumer, Healthcare, and Education.</p>	<p>Good human capital assessments should consider how the position of women in the workforce might help to deliver corporate or fund manager objectives such as:</p> <ul style="list-style-type: none"> <li>• Customer/client acquisition and service,</li> <li>• Sales,</li> <li>• Operational efficiency,</li> <li>• Innovation and product design,</li> <li>• New market growth,</li> <li>• Quality control,</li> <li>• Output and yields.</li> </ul> <p>A gender-balanced workforce also helps manage corporate risks related to gender-based violence and harassment by actively addressing power dynamics.</p>
<p><b>Women as entrepreneurs (including suppliers, distributors and sales agents)</b></p> <ol style="list-style-type: none"> <li>1. How many women entrepreneurs will benefit from this transaction?</li> </ol>	<p>Consumer, Financial Services, Off-Grid Services, Food and Agriculture, and Manufacturing.</p>	<p>Women entrepreneurs, particularly within the small and medium-sized enterprise segment, still face significant barriers in access to finance. Yet evidence suggests women founders tend to employ more women in the workforce, are more credit-</p>

<ol style="list-style-type: none"> <li>2. How will the finance product help to close gender finance gaps?</li> <li>3. What proportion (% and #) of entrepreneurs/suppliers/distributors are women-led or women-owned?</li> <li>4. What are the barriers for gender inclusion? (e.g. access to finance, access to networks, procurement processes, mobility constraints, technical knowledge)</li> <li>5. Has the deal team engaged the fund manager/company on building inclusive supplier or distribution channels?</li> </ol>		<p>worthy and more able to cater to the female consumer segment.</p> <p>Globally, less than 1 percent of spending on suppliers by large businesses is earned by women-owned businesses. Evidence has found a positive correlation between a diverse supplier base and profitability, and companies that adopt supplier diversity programmes generate a one-third greater return on cost of procurement operations compared to the average.</p> <p>Adopting inclusive and diverse supply chains can also enhance brand reputation, diversify distribution channels, and attract new customers.</p>
<p><b>Women as consumers</b></p> <ol style="list-style-type: none"> <li>1. What is the potential or current proportion of female consumer/customer base?</li> <li>2. Could this be a new market proposition for this investment?</li> <li>3. Does the fund manager/company consider this a strategic priority or opportunity?</li> </ol>	<p>Consumer, Financial Services, Off-Grid Services, Food and Agriculture, Healthcare, and Education.</p>	<p>Investments should consider market gaps for the female consumer/customer, and consider how the specific transaction may close the gap or reach unserved, underserved or niche markets to improve their market position.</p> <p>If the sector is competitive or saturated, building the value proposition for female customers could be a key point of differentiation.</p>
<p><b>Women in the community</b></p> <ol style="list-style-type: none"> <li>1. How might community initiatives be designed in a way that would also eventually create shared value for the company?</li> <li>2. Are there local skills deficits which the company could begin to invest in?</li> <li>3. How materially significant might this be, especially if the company plans to grow the workforce or reach more remote, rural or underserved audiences?</li> </ol>	<p>Infrastructure, Power, Off-Grid Services, Healthcare, Education, and Agriculture.</p>	<p>Women often face difficulties obtaining jobs in the market due to a lack of knowledge or accessibility.</p> <p>At the same time, women in the community offer a source of employment and are trusted members of the community. This may help improve company relations or advance corporate goals such as through sales and marketing.</p>

## Recommended 2X Challenge Benchmarks to Assess Gender Gaps

	Criteria	Threshold
Direct Criteria	1 Entrepreneurship	1A. Share of women ownership 51%
		OR
	2 Leadership	1B. Business founded by a woman Yes/No
		OR
3 Employment	2A. Share of women in senior management <sup>1</sup> 20-30% <sup>2</sup>	
	OR	
	2B. Share of women on the Board or IC <sup>1</sup> 30%	
	OR	
4 Consumption	3A. Share of women in the workforce <sup>1</sup> 30-50% <sup>2</sup>	
	AND	
5 Indirect	3B. One "quality" indicator beyond compliance Yes/No	
	OR	
5 Indirect	4. Product or service specifically or disproportionately benefit women Yes/No	
	OR	
5 Indirect	On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria <sup>1</sup> 30%	
	OR	
5 Indirect	Funds: Percent of portfolio companies that meet the direct criteria <sup>1</sup> 30%	

  

Sector-Specific Thresholds		
Grp.	Sector	%
<b>2.A Women in Senior Management*</b>		
Low	Infrastructure, Power, Telecoms	20%
Mid	Financial Services, Manufacturing Agribusiness & Food, Professional Services, Consumer Services	25%
High	Healthcare, Education	30%
<b>3.A Women in the Workforce*</b>		
Low	Infrastructure, Power, Telecoms	30%
Mid	Financial Services, Manufacturing – Heavy, Agribusiness & Food, Professional Services	40%
High	Healthcare, Education, Consumer Services, Manufacturing – Light <sup>3</sup>	50%

*\*Room for judgement: Investees in unique sectors or geographies may require case-by-case consideration.*