Women at Work

Win Win Win: Good for Business, Good for Women & their Families, Good for Local Development
This brief is a result of DEG’s increasing engagement in gender-lens investing. As a founding member of the Gender Finance Collaborative and the 2X Challenge, DEG promotes investments that strengthen gender equality and women’s economic empowerment. The brief presents not only the role of gender-lens investments for sustainable development but also for business success. It further provides an overview of DEG’s approach to investing with a gender-lens and DEG’s solutions for its clients in this field.

The brief was prepared by DEG and Syspons GmbH.

May 2020

Title picture: Adobe Stock/ Framestock
PREFACE

Gender equality is a question of societal development and women’s rights and a prerequisite to achieve the Sustainable Development Goals.¹ At the same time it is an opportunity for business development. Unlocking the full potential of the female economy and building inclusive work environments are key to boost economic growth and individual company performance.

Women play a vital role in companies and company environments, as business leaders, board members, employees, suppliers, customers and stakeholders in the surrounding communities. However, in many parts of the world women’s participation in business and their access to financial services is still structurally limited. In 2018, DEG joined its fellow G7 Development Finance Institutions (DFIs) to launch the 2X Challenge – a joint commitment to mobilize USD 3 billion by year-end 2020 for women’s economic empowerment in emerging markets.

In line with the 2X Challenge criteria, DEG defines gender-lens investing as private sector investments that provide women in developing country markets with improved access to entrepreneurship, leadership opportunities, decent and skilled employment, finance as well as products and services that enhance their economic participation.

Women’s economic empowerment is defined as “a process whereby women’s and girls’ lives are transformed from a situation where they have limited power and access to assets to a situation where they experience economic advancement, and their power and agency is enhanced”.²

The following brief lays out the potential of gender equality and women’s empowerment for sustainable development and business growth. It further provides an overview of DEG’s approach to gender-lens investing and its solutions for financial institutions and corporates to increase their impact on gender equality and grow their business in a sustainable manner.

¹ For more information about the Sustainable Development Goals and the 2030 Agenda see: https://sustainabledevelopment.un.org/.  
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A. Investing in Women means Investing in Sustainable Development

When you invest in women, the life of women improves, business growth improves, sustainable development improves. The female economy – covering women in business, women in the value chain and women in the community – carries enormous potential and will be a key driver of future growth. The ripple effects of investing in women accelerate sustainable local and global development. Breaking down the barriers to women’s economic participation and access is therefore a prerequisite to achieve the Sustainable Development Goals (SDGs).

Figure 1: Investing in Women, Investing in Sustainable Development³

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>The Female Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in Business</td>
<td>Women as Business Leaders 33% of private businesses are owned or operated by women.</td>
</tr>
<tr>
<td>Women in the Workforce</td>
<td>Women in the Value Chain Female Entrepreneurs $1.7 trillion is the finance gap for women-owned MSME in emerging markets.</td>
</tr>
<tr>
<td>Women in the Community</td>
<td>Women as Customers $40 trillion of global consumer spending is controlled by women</td>
</tr>
<tr>
<td>Women’s Investments in the Community</td>
<td>Community Programmes 10% more girls in schools increases a country’s GDP by 3%</td>
</tr>
</tbody>
</table>

DEG Activities

- Since 2018 DEG invested over $300 million in companies promoting women’s representation in leadership.
- DEG fosters women’s economic empowerment by investing in companies that scale gender parity in the workforce and provide decent jobs.
- Since 2018 DEG invested over $165 million in financial institutions who specifically support female SME clients.
- DEG consults its clients on the effective integration of women-owned businesses in their supply chain.
- DEG promotes investment in products and services that proportionately benefit women through the 2X Challenge.
- DEG supports its clients to create positive impact on gender equality through community programmes such as investment in schools.
- DEG invests in companies that foster skills development and employment opportunities for women to increase their income.

Driving Sustainable Local and Global Development

- Advancing women’s equality in the workplace will add up to US$ 28 trillion (+26%) to global annual GDP by 2025 – that’s equivalent to the combined economies of China and the USA today.
- Closing the credit gap enables a 12% increase of per capita incomes in emerging markets by 2030.
- Investing in women’s equality has a significant positive impact on all 17 Sustainable Development Goals (SDGs).
- Investing in the empowerment of women and girls strengthens their reproductive rights and helps countries realize the demographic dividend.
- At the current rate of progress, it would still take 257 years globally to close the economic gender gap. That’s over two centuries of lost opportunities: a lost chance of equal rights, economic growth and sustainable development.

B. Investing in Women means Investing in Business Success

Investing in women is not only a question of societal development and gender equality but also of business success. Investing in women means investing in the largest underserved market in the world and benefiting from greater economic opportunities in the workforce, value chain and community development.

³ References to the numbers and statements made in this graph can be found in chapter E. Additional Ressources.
**Figure 2: The Business Case for Gender-Lens Investing**

<table>
<thead>
<tr>
<th>Business Development</th>
<th>Value Chain Development</th>
<th>Community Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women as Business Leaders</strong></td>
<td><strong>Women as Suppliers</strong></td>
<td><strong>Women’s Investment in Communities</strong></td>
</tr>
<tr>
<td>• Gender diversity in management is correlated with higher profitability and value creation.</td>
<td>• Gender-responsive procurement practices positively influence return on investment.</td>
<td>• Women in developing countries reinvest in their families and communities at higher rates than men.</td>
</tr>
<tr>
<td></td>
<td>• Diversity in the supply chain enhances supplier availability and security.</td>
<td>• Investing in gender equality positively impacts families’ welfare, e.g. nutrition, education and health.</td>
</tr>
<tr>
<td></td>
<td><strong>Women in the Workforce</strong></td>
<td><strong>Community Programmes</strong></td>
</tr>
<tr>
<td>• Companies with female board members are likely to have higher ROE.</td>
<td><strong>Women as Customers</strong></td>
<td>• Addressing gender issues fosters peace, stability and a strong investment climate.</td>
</tr>
<tr>
<td></td>
<td>• Female leadership boosts performance on environmental, social and governance solutions.</td>
<td>• Investing in women’s empowerment strengthens their own and their daughters’ reproductive rights, which in turn helps countries reach the demographic dividend.</td>
</tr>
<tr>
<td></td>
<td><strong>Women as Suppliers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td><strong>Women as Customers</strong></td>
<td></td>
</tr>
<tr>
<td>• Women constitute 50% of the global talent pool.</td>
<td>• $40 trillion of global consumer spending is controlled by women.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Safe and healthy work environments decrease economic loss through less absenteeism and foster women’s economic empowerment.</td>
<td>• Female financial clients are associated with lower portfolio-at-risk, lower write-offs and lower credit-loss provisions.</td>
</tr>
<tr>
<td></td>
<td><strong>Women as Entrepreneurs</strong></td>
<td><strong>Female Entrepreneurs</strong></td>
</tr>
<tr>
<td></td>
<td>• Startups founded by women globally receive only half as much capital from investors, but are on average commercially more successful.</td>
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</tr>
</tbody>
</table>

**Women in Business**

Women are owners, board members, managers and employees in companies. Enhancing their representation, career advancement and economic participation scales their own as well as companies’ economic growth.

**Leadership.** Companies with high gender diversity in management are more likely to outperform on profitability and have superior value creation across geographies. Companies in the top quartile for gender diversity on executive teams are 21% more likely to outperform the national average. Gender balanced senior investment teams in private equity and venture capital funds outperform all-male teams by 20% in annual returns. Gender diversity at board level further drives economic performance. Between 2005 and 2011, companies with at least one female board member had higher ROE, higher price/book value multiples and higher net income growth.

Beyond financial performance, female leadership boosts environmental, social and governance performance. Companies with more women on their boards exhibit better environmental performance, fewer environmental concerns and better enforcement of ethical conduct. Furthermore, female

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4 References to the numbers and statements made in this graph can be found in chapter E. Additional Resources.
9 Galbreath 2011 Are there gender-related influences on corporate sustainability? A study of women on boards of directors
managers play a key role in driving CSR and sustainable development through private sector engagement forward.\textsuperscript{9}

The inclusion of female leaders avoids ‘group think’ and therefore leads to more balanced results. Additionally, it ensures wider stakeholder representation within the firm and can help a company to relate better to its customers in sectors where the majority of them are women. In sectors that operate close to final customers, female presence at board level has a positive effect on company reputation.\textsuperscript{10}

\begin{quote}
“We have in our portfolio a soap company with an all male senior leadership team, yet over 90\% of their customers are female. As a first step we can begin to ask a question about gender in our client conversations.”

DEG Client Mega, Leasing, Mexico
\end{quote}

**Getting African Women into the Boardroom**

The Boardroom Africa (TBrA), founded by Marcia Ashong and supported by CDC Group, accelerates the placement of exceptional female talent to boards across the African continent. TBrA’s goal is to challenge and disprove the argument that “there simply aren’t enough qualified women out there” by creating a pool of over 700 highly qualified and “board-ready” women.

DEG connects its clients to networks and resources of the female economy. As a partner of The Boardroom Africa, DEG supports interested clients specifically in the search for female leadership talent in Africa and provides access to the Boardroom Africa talent pool.

\begin{quote}
\textbf{Employees.} In some parts of the world, women’s participation in the labor force is still under 50\%, which translates into a loss for businesses. 104 economies still prevent women from working in certain jobs, simply because they are women. In 59 economies there are no laws on sexual harassment in the workplace, inhibiting decent work environments for women.\textsuperscript{11} In 18 economies, husbands can legally prevent their wives from working. Companies with a women-discriminating mindset, e.g. by ignoring women in application processes, are missing out on half the talent pool. In addition, McKinsey (2018) found that diverse and inclusive workplaces are central to attract top talents to the workforce.\textsuperscript{12} Therefore, diversity is a relevant competitive advantage for companies.

Another major barrier to women’s access to decent jobs is the “double burden” of paid and unpaid work. All over the world, women shoulder the lion’s share of unpaid care and domestic work (UCDW), accounting for USD 10.8 trillion or 13\% of global GDP and equivalent to millions of hours. Women spend on average three times more hours per day than men on UCDW.\textsuperscript{13} This imbalance, rooted in social norms and stereotypes, results in time poverty and reduces the opportunities of

\begin{footnotesize}
\begin{itemize}
https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/resources/private+sector+opinion/women+in+business+leadership+boost+esg+performance
\item Seto-Pamies 2013 The Relationship between Women Directors and Corporate Social Responsibility.
\item Brammer, Millington, Pavelin 2009 Corporate Reputation and Women on the Board https://doi.org/10.1111/j.1467-8551.2008.00600.x
\item World Bank: Women, Business & The Law 2018
\item McKinsey (2018). Delivering through Diversity.
\item Oxfam (2020): Unlocking sustainable development in Africa by addressing unpaid care and domestic work
\end{itemize}
\end{footnotesize}
women and girls to participate in education, decent paid work and public life. As a result they are often trapped in precarious jobs in the informal economy.

Companies can be a part of the solution by subsidizing childcare services, providing paid parental leave to both women and men, and creating workplace environments that are compatible with care responsibilities. Companies can also challenge stereotypes and social norms that underpin the gender care gap through progressive advertising. Useful resources include an IFC Guide for employer-supported childcare and a new Business Briefing on unpaid care work and domestic work published by Oxfam and Unilever.

Investing in female employees can further contribute to higher productivity, lower turnover, reduced absenteeism and improved retention rates. For example, providing subsidized health services or products improves employees’ well-being and mitigates risks for absenteeism. Higher investments in female employees also lead to increased employee satisfaction, which can improve corporate reputation. Greater contentment increases the intrinsic work motivation and productivity of employees.

There is a strong case why it makes business sense for a company’s workforce to reflect the community it serves. A study provided by the World Bank focused on women in the energy sector and found that female sales people can relate better to female customers. The survey shows that sales and customer satisfaction increased when women bought clean stoves sold by female sales people. As a result, women outsold male sellers by nearly 3:1.

Overall, widening the human resource pool is beneficial for inward performance and outward attractiveness of a firm.

14 CDC (2018). Insight What we’ve learned about women’s empowerment.
16 CDC (2018).
17 Dutta et al. (2017). Energy Access and Gender - Getting the right balance
Women in the Value Chain

Women play a key role for business success as suppliers, entrepreneurs and customers.

Suppliers. In a survey published by McKinsey, a significant part of responding companies confirmed that gender-responsive procurement practices have had a positive impact on their profitability and return on investment.\(^{18}\)

Companies can leverage the opportunity to diversify their supply chain by investing in female suppliers. Supplier diversity has many benefits for firms. It enhances supplier availability and security, drives competition and increases access to new markets. A major advantage is that it promotes innovation through the entrance of new products and the anticipation of diverse customer needs. Additionally, suppliers are likely to become new customers for the firm.\(^{19}\) DEG consults its clients and offers resources on the integration of women-owned businesses in order for clients to profit from the benefits of supply chain diversification. Useful resources include, for example, the UN Women publication on "The power of procurement: How to source from women-owned businesses" and initiatives such as WeConnect International, a global network that connects women-owned businesses to qualified buyers around the world.

Female Farmers. Closing the gender gap in agriculture could significantly contribute to improving food security and is particularly important against the backdrop of climate change. According to the UN Food and Agriculture Organization (FAO), if female farmers had the same access to resources as men, yields on farms could increase by 20-30% and lift 100-150 million people out of hunger.\(^{20}\)

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\(^{19}\) UN Women (2017). The Power of Procurement: How to source from women-owned businesses.

Customers. Women often lack access to markets and products that meet their needs. They therefore offer a great potential for gaining new customers. Closing the gender gaps and meeting unmet demand in the water, contraception, telecommunications, energy and childcare sectors represents an additional annual market opportunity of $300 billion by 2025.\footnote{BNY/UN Foundation (2017). Return on equality.} Moreover, women control 65% of global household spending and an estimated global consumer spending of about $40 trillion.\footnote{World Economic Forum (2017) Global Gender Gap Report.}

Women's Entrepreneurship. For financial institutions, female entrepreneurs offer a major financial opportunity to serve the market. A significant portion of fully or partially women-owned SMEs in emerging markets are under- or unserved with financial services.\footnote{IFC (2011) Strengthening Access to Finance for Women-Owned SMEs in Developing Countries}

IFC, World Bank and the SME Finance Forum estimate that the total finance gap for women-owned micro-, small- and medium-sized enterprises in emerging markets accounts for around $1.7 trillion.\footnote{IFC, World Bank, SME Finance Forum (2017). MSME Finance Gap}

Often, unequal land rights, property and inheritance laws create structural barrier for women’s economic participation, as they prevent women from building assets and owning collateral, which banks typically require for a loan. While these barriers have to be addressed at a public policy level, financial institutions in emerging markets are spearheading innovation to circumvent such challenges by offering financial products with alternative collateral requirements (such as inventory, seasonal crop and jewelry rather than land and real estate) or products that do not require collateral at all, such as machinery and equipment leasing.\footnote{World Bank. 2020. Women, Business and the Law 2020. Women, Business and the Law. Washington, DC: World Bank. doi:10.1596/978-1-4648-1532-4. License: Creative Commons Attribution CC BY 3.0 IGO} DEG clients, such as Zanaco Bank in Zambia, Access Bank in

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**Empowering Women As Suppliers: DEG’s Client Engro Corporation Ltd.**

Engro is a Pakistani group active in the fertilizers, foods, energy, and petro-chemicals businesses. The company is deeply involved in Pakistan’s agricultural sector. That sector is still characterized by small-holder farms that have little access to modern farming techniques and have low productivity levels.

For its suppliers of milk, the company implemented the Women Empowerment through Livestock Development (WELD) project, which trained women to work as milk collectors or else as extension workers offering basic advisory and veterinary services to family farmers, and providing relevant training to the women on those farms.

For women in the local community, the beneficial social impact is considerable. The initiatives improve the productivity and hence the livelihoods of thousands of small-holder farmers, and provide direct employment for more than 500 trained women. The increase in milk yield alone more than pays off the investment for the WELD programme. And the empowerment of women is truly transformative for their lives and for the patriarchal Pakistani society as a whole.

[Read more about the case here](#)
Nigeria, and the Mexican leasing company Mega are expanding their services for women entrepreneurs in this way to broaden their female client base.

Several studies show that women are high quality customers for financial institutions. In the area of microfinance, female clients have long been associated with lower portfolio-at-risk, lower write-offs and lower credit-loss provisions. Research by the global Financial Alliance for Women (FAW) has confirmed these findings for the SME segment. In the high-tech sector, women-led startups generate higher revenues per dollar of invested capital and have lower failure rates. High-tech venture-backed companies founded by women do as well as those founded by men despite often being capital constrained. Recent research by the accelerator MassChallenge and The Boston Consulting Group concluded that startups founded by women receive only half as much capital from investors, but are on average commercially more successful: For every dollar of funding, these startups generated 78 cents compared to just 31 cents generated by male-founded startups. A key driver of the funding gap for women-founded companies is the phenomenon of unconscious bias in the decision-making process, as a growing body of academic research has shown.

Empowering Women Entrepreneurs: DEG’s Client Access Bank

Access Bank, which is the largest bank in Nigeria, also supplies financial services to small and medium-sized enterprises (SMEs). One of their SME clients is Adenike Ogunlesi. The female entrepreneur owns Nigeria’s leading children’s clothing brand with more than 250 employees and 17 shops across the country.

Adenike Ogunlesi experienced first-hand that it is not always easy for women to access financing and loans. As a young woman founding her own business, she visited one financial institution after another. "But nobody believed in my business model. The advisor at the bank thought I wouldn't be able to handle the pressure of international competition," she says. In the end, it was Access Bank, which was then still a small financial institution, offering her the right products, advice and access to a network of female entrepreneurs. This financial support enabled the Nigerian entrepreneur to take off. She now shares her knowledge with other women – through her own foundation. She advises women on how to take control of their own finances.

Read more about the case here

Women in the Community

26 Mersland et al. (2009) Women and Repayment in Microfinance
30 Malmström M., Johansson J. & Wincent J. (2017). We Recorded VCs’ Conversations and Analyzed How Differently They Talk About Female Entrepreneurs.

Women’s Investment in Communities. Women play a key role as part of the community surrounding every company. Company involvement in addressing gender disparities therefore triggers positive developmental impacts throughout communities. The ripple effect of investing in women and girls has been well documented. Women in developing countries reinvest up to 90% of their income into their families and communities, especially in nutrition, health and education, which constitutes a much higher rate compared to men. Strengthening women’s economic empowerment has important multiplier effects throughout their communities. Empowering women means empowering communities.³¹

Community Programmes. An extra year of secondary school for girls can increase their future earnings by 15 to 25%.³² This also translates into tangible benefits at country level: If 10% more adolescent girls attend school, a country’s GDP increases by 3% on average.³³ A child whose mother can read is 50% more likely to live past age five.³⁴ When girls have the opportunity to stay in school beyond grade 7, they are more likely to marry four years later and have an average of 2.2 fewer children.³⁵ Investing in women’s empowerment also strengthens their own and their daughters’ reproductive rights. This in turn helps countries realize the demographic dividend.³⁶ Investing in women’s and girls’ equal rights and empowerment is thus a key lever for future economic growth, prosperity and sustainable development.

Gender equality is also associated with lower electoral violence³⁷ and more state security.³⁸ Hence, choosing projects with a strong gender equality component for community spending can positively affect the business environment. Women’s empowerment contributes to a reduction in conflict occurrence.³⁹ Countries that foster gender equality are less likely to go to war, are less likely to use force first when in conflict and they are less likely to get involved in violent crises. The larger the gender gap, the higher the levels of both perceived and actual government corruption.⁴⁰ Less social unrest, less corruption and more stability is a clear benefit for companies. Therefore, making a positive impact on gender equality and women’s empowerment can be part of a risk mitigation strategy.

Moreover, community involvement and addressing concerns of the community leads to a better understanding between members of the community and the company. This in turn promotes a sustainable relationship based on trust. Active dialogue with the community therefore has a positive effect on reputation and public brand image.

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³¹ Calvert Impact Capital (2019) Gender Equity
³³ Women Deliver. Get the facts: https://womendeliver.org/infographics/
³⁵ Women Deliver. Get the facts: https://womendeliver.org/infographics/
³⁸ Hudsen et al. (2012) Sex and world peace
³⁹ Melander (2005) Gender Equality and Intra state Armed Conflict
**Promoting Skills Development: DEG’s Fund Investee Southey**

Southey is an industrial and engineering services company in South Africa and an investee of Metier Capital Growth Fund II (MCGF II), a private equity fund DEG is invested in. With support from DEG, Southey successfully implemented a training program in sheet metal application for 105 unemployed individuals from disadvantaged communities. The majority of trainees were women between the ages of 20 and 35 years, many of whom were single mothers without formal income. More than 80% of the trainees passed the training program and more than 50% obtained (temporary) employment with Southey. Building on this success, Southey with support from DEG then launched a similar training program for more than 300 trainees who received training in sheet metal application, welding and life skills in 2018 and 2019.

All the external training providers are accredited with their industry SETA (South African Sector Education and Training Authority) which enables Southey to register the credits received by the learners on the National Learner Database, managed by South African Qualifications Authority. This provides the trainees with a valuable learning track-record that is recognized at a broader national level and which favourably positions them for ongoing employment outside of Southey. This initiative was supported and co-financed with DEG’s Business Support Services (BSS).

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**C. DEG’s Approach to Gender-Lens Investing**

DEG works with its fellow DFIs at the forefront of scaling gender-lens investing, promoting gender equality and leveraging the untapped potential of the female economy, laying the groundwork for sustainable development. Across all companies in DEG’s portfolio, 30% of employees are women working in decent jobs that boost their economic participation. DEG is proud to be a founding member of the **Gender Finance Collaborative** and the **2X Challenge**. Through these initiatives, DEG commits to further increase gender-lens investments in its portfolio and with new clients.

**DEG defines gender-lens investing** as private sector investments that provide women in developing country markets with improved access to entrepreneurship, leadership opportunities, decent and skilled employment, finance as well as products and services that enhance their economic participation.
### Figure 3: DEG’s Theory of Change for Gender Equality

<table>
<thead>
<tr>
<th>Input Activities</th>
<th>Activities</th>
<th>Output</th>
<th>Outcome</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committing and mobilizing capital and resources to invest with a gender lens</td>
<td>Identifying gender-lens opportunities for business clients throughout the investment cycle</td>
<td>Capital and resources invested with a gender lens</td>
<td>Women have more self-sustained income</td>
<td>Gender equality in the private sector increases</td>
</tr>
<tr>
<td>Offering know-how, capacity building and financing for clients</td>
<td>Tailor-made BSS to support empowerment of women and development of gender-lens product and service offerings</td>
<td>Business practices that promote gender equality are mainstreamed</td>
<td>More women in leadership positions in private business</td>
<td>Sustainable, equitable economic growth and enhanced business performance</td>
</tr>
<tr>
<td>Strengthening networks and collaboration</td>
<td>Connecting businesses to resources and networks of the female economy</td>
<td>Businesses establish new partnerships for women’s empowerment</td>
<td>Increased participation of women in value chains</td>
<td>Social development effects for women and communities contribute to the Sustainable Development Goals (SDGs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in community programmes that benefit women</td>
<td>Women’s economic opportunities improve through education and training</td>
<td></td>
</tr>
</tbody>
</table>

- **Input**: Committing and mobilizing capital and resources to invest with a gender lens.
- **Activities**: Tailor-made BSS to support empowerment of women and development of gender-lens product and service offerings.
- **Output**: Capital and resources invested with a gender lens.
- **Outcome**: More women in leadership positions in private business.
- **Impact**: Gender equality in the private sector increases.

- **Input**: Offering know-how, capacity building and financing for clients.
- **Activities**: Identifying gender-lens opportunities for business clients throughout the investment cycle.
- **Output**: Business practices that promote gender equality are mainstreamed.
- **Outcome**: Women have more self-sustained income.
- **Impact**: Gender equality in the private sector increases.

- **Input**: Strengthening networks and collaboration.
- **Activities**: Connecting businesses to resources and networks of the female economy.
- **Output**: Businesses establish new partnerships for women’s empowerment.
- **Outcome**: Increased participation of women in value chains.
- **Impact**: Sustainable, equitable economic growth and enhanced business performance.

- **Input**: Building up of evidence base for social and financial returns from gender-lens investing.
- **Activities**: Committing and mobilizing capital and resources to invest with a gender lens.
- **Output**: Women have more self-sustained income.
- **Outcome**: More women in leadership positions in private business.
- **Impact**: Gender equality in the private sector increases.

- **Input**: Offering know-how, capacity building and financing for clients.
- **Activities**: Identifying gender-lens opportunities for business clients throughout the investment cycle.
- **Output**: Business practices that promote gender equality are mainstreamed.
- **Outcome**: More women in leadership positions in private business.
- **Impact**: Gender equality in the private sector increases.
**DEG and the 2X Challenge**

With the 2X Challenge, DEG and its fellow G7 development finance institutions committed to mobilize $3 Billion in gender-lens investments by year-end 2020. Five other DFIs have joined the initiative by now and committed to mobilize additional investments. Gender-lens investments are defined based on the 2X Criteria (see figure 4). Since the 2X Challenge was launched at the G7 Summit in 2018, DEG already mobilized more than $490 million of debt and equity financing for companies that meet the 2X criteria.¹

**Figure 4: The 2X-Challenge Criteria**

<table>
<thead>
<tr>
<th><strong>ENTREPRENEURSHIP</strong></th>
<th><strong>LEADERSHIP</strong></th>
<th><strong>EMPLOYMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>51% women ownership or the business is founded by a woman</td>
<td>20-30% women in senior leadership (depending on sector) or 30% women on the Board or Investment Committee</td>
<td>30-50% share of women in the workforce (depending on sector) and one „quality“ indicator beyond compliance</td>
</tr>
</tbody>
</table>

**CONSUMPTION**
Product(s) or service(s) that specifically or disproportionately benefit women

**INVESTMENTS THROUGH FINANCIAL INTERMEDIARIES**
30% of the DFI loan proceeds or portfolio companies meet the 2X Criteria

**D. DEG Financing Solutions to Promote Gender Equality**

Two examples of how DEG provides financing to private companies that promote gender equality are a recent social bond issuance with a gender-lens in Asia Pacific as well as an equity investment in a Ugandan bank promoting women’s economic empowerment.

In 2019, DEG and IFC subscribed to Asia Pacific’s First Private-Sector Women Entrepreneurs Bonds issued by Bank of Ayudhya (Krungsri) in Thailand. It is also the first social bond issuance in Asian emerging markets in compliance with the International Capital Markets Association Social Bond Principles and the ASEAN Social Bond Standards. As such, Krungsri’s Women Entrepreneurs Bonds will introduce WSME loans as an attractive asset class for investors and pave the way for the issuance of future capital markets instruments that benefit socially-responsible initiatives in Thailand and the region. [Learn more](#)

DEG became a shareholder in the Ugandan microfinance institute BRAC Uganda Bank Ltd. in 2018. Since then, BRAC has continuously increased its share of women in senior management and is aim-
ing to increase the share of women on the Board. 85% of BRAC’s employees are women as well as 97% of its more than 200,000 customers who are small entrepreneurs.

E. DEG Programme Solutions to Unlock Gender-Lens Opportunities

DEG aims to adopt a gender-lens in order to identify opportunities for a positive contribution to gender equality in all investments and enable clients to profit from these opportunities. Both in the work with corporates as well as financial institutions and funds (FiS), DEG scales the impact of investments on gender equality by taking a threefold approach: DEG (1) identifies gender-lens opportunities throughout the investment cycle, (2) consults its clients on the application of standards (e.g. fostering decent jobs and healthy work environments) and offers tailor-made business support services (BSS) as well as (3) provides networks and contacts in the field of gender-lens investing and the female economy.

For clients interested to scale their impact on gender equality, DEG offers tailor-made business support services (BSS) to identify impact potential across the company’s leadership, employees, workplace environment, supply chain, customers, products and services, and community.

Figure 5: DEG’s Solutions for Financial Institutions and Corporates

<table>
<thead>
<tr>
<th>Gender-lens opportunities in the investment cycle</th>
<th>Standards &amp; Tailor-made Business Support Services (BSS)</th>
<th>Networks and contacts for gender-lens partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mapping against the 2X Challenge Criteria</td>
<td>Fostering decent jobs and healthy work environments</td>
<td>Fostering learning and exchange among clients</td>
</tr>
<tr>
<td>Identifying untapped potential in the workplace, value chain and community</td>
<td>Implementation of IFC Performance Standards</td>
<td>Networks and connections in the female economy, especially to female entrepreneurs and women-owned SMEs/ suppliers.</td>
</tr>
<tr>
<td>Capacity development for gender-lens investing strategies for FiS</td>
<td>Application of Corporate Governance Standards</td>
<td>Access to female talent pools</td>
</tr>
<tr>
<td>Capacity development for gender-lens engagement in the supply chain for corporates</td>
<td>Skills gap analysis and people management with a gender-lens</td>
<td></td>
</tr>
<tr>
<td>Detecting gender equality potential across leadership, employees, customers and products</td>
<td>Capacity Development Tools</td>
<td></td>
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<tr>
<td></td>
<td>Gender-lens business strategies &amp; product development</td>
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<tr>
<td></td>
<td>Gender-Smart Opportunity Assessment for FiS</td>
<td></td>
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<tr>
<td></td>
<td>Connection to talent pools e.g. The Boardroom Africa</td>
<td></td>
</tr>
</tbody>
</table>
DEG’s GSOA is a two-step approach to unlock the business case for an expanded focus on women and gender equality for a financial institution (FI) in its local context.

(1) Based on quantitative client data and qualitative data gathered during a one week on-site visit by consultants, DEG benchmarks the FI’s successes and challenges on gender-smart opportunities against its peers and competitors. (2) DEG identifies high-impact ways to improve the FI’s gender-lens strategy and thereby scale its business success in the context of local market realities, offering recommendations on effective and efficient medium-term actions to capture female market potential. DEG can support and co-fund the implementation of these recommendations with tailor-made business support services (BSS).

Find out how the GSOA unlocked new economic potential and SDG opportunities for DEG clients.

“The assessment has already transformed the institution. We just promoted a woman to a director position.”

DEG Client Mega, Leasing, Mexico
E. Additional Ressources

**Women in Business**

Women in Leadership


Galbreath (2011). Are there gender-related influences on corporate sustainability? A study of women on boards of directors [https://doi.org/10.1017/S1833367200001693](https://doi.org/10.1017/S1833367200001693)


Walls, Berrone, Phan (2011). Corporate governance and environmental performance: is there really a link? [https://doi.org/10.1002/smij.1952](https://doi.org/10.1002/smij.1952)


**Women in the Workforce**


**Women in the Value Chain**

**Women as Suppliers**


**Women as Customers**


**Women as Entrepreneurs**


Financial Alliance for Women: https://financialallianceforwomen.org/the-opportunity/#businessopportunity


**Women in the Community**

**Women’s Investment in Communities**


**Community Programmes**
