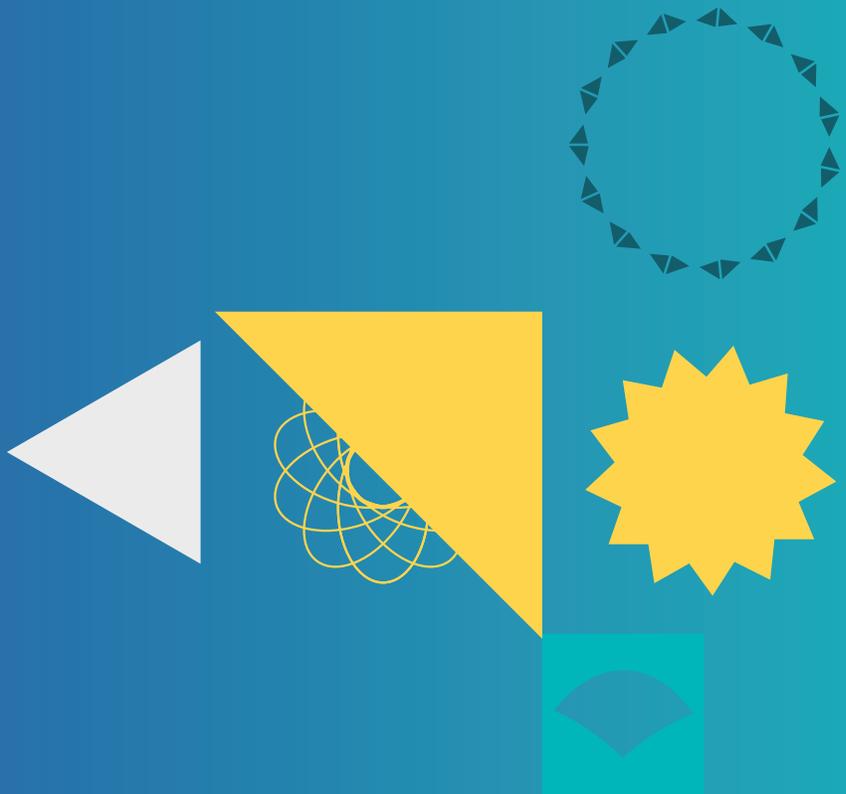




Frontier  
Brokers

Australian  
Aid 

# Operationalising Gender Lens Investing in Asia: Insights from Frontier Brokers



MAY 2021

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# Acronyms

<b>APIN</b>	Asia Pacific Impact Notes
<b>BIDUK</b>	Berinvestasi Dalam Usaha untuk Kemajuan (Investing in Business for Progress)
<b>DFAT</b>	Australian Government Department of Foreign Affairs and Trade
<b>ESO</b>	Entrepreneurial Support Organisation
<b>FSP</b>	Financial Service Provider
<b>GLI</b>	Gender Lens Investing
<b>GSA</b>	Gender Self-Assessment
<b>ICMA</b>	International Capital Market Association
<b>IMM</b>	Impact Measurement and Management
<b>IIX</b>	Impact Investment Exchange
<b>KPI</b>	Key Performance Indicator
<b>MEL</b>	Monitoring, Evaluation, and Learning
<b>MFI</b>	Microfinance Institution
<b>SDGs</b>	Sustainable Development Goals
<b>SGB</b>	Small and Growing Business
<b>SFI</b>	Scaling Frontier Innovation
<b>SME</b>	Small and Medium-Sized Enterprise
<b>SROI</b>	Social Return on Impact
<b>USAID</b>	United States Agency for International Development
<b>WSME</b>	Women-Owned Small and Medium-Sized Enterprise

# About this Report

This report is the second phase of a larger research project conducted to bring to light evidence from and insights into the practice and impact of gender lens investing (GLI). The first phase involved analysing published literature and conducting first-person interviews to examine the evidence as to how impact investors and the broader investing market are investing with a gender lens in women-focused social enterprises in the Asia-Pacific region. Findings from this investigation were presented at the 2020 Asia Venture Philanthropy Network conference in Bali (12-14 February 2020) and [revealed a solid evidence base for GLI](#) and several [robust landscape analyses on global and regional trends in GLI](#). Interest in the findings was quite high, and funders and other practitioners in the audience were most interested in learning more about the practicalities of structuring and implementing a variety of approaches to GLI.

To that end, this report reviews the four distinct approaches to GLI that are currently being operationalised and tested by Frontier Brokers as part of the [Scaling Frontier Innovation \(SFI\) programme](#), an \$15 million AUD initiative funded by the Australian Government through the Department of Foreign Affairs and Trade (DFAT) which seeks to achieve transformative social change in the Asia-Pacific region by helping small and medium-sized enterprises (SMEs) scale their development impact.<sup>1</sup>

SFI focuses on entrepreneurs, incubators/accelerators, and intermediaries that broker investment within the entrepreneurial ecosystem.

This report shares insights and process learning from design and early implementation of the Frontier Brokers' projects. Key takeaways are included for funders, brokers, and others in the investment community who are interested in pursuing GLI, and the report also includes recommendations for DFAT and other donors to pursue in promoting GLI.

Moonshot Global (Moonshot), the SFI programme's Monitoring, Evaluation, and Learning (MEL) partner prepared the report based on a series of interviews conducted with key stakeholders, observations by Moonshot, and data collected via semi-annual Frontier Broker data calls.

Special thanks to many individuals for their input, guidance, and feedback, including: Janka Geckova, Luke Marston, Simba Marekera, Mark Ingram, Dr. Jodi York, Alex Jarman, James Mervyn, Fifi Rashando, Diana Tjoeng, Francois Ritchot, Ramona Ridolfi, Kaylene Alvarez, Daniel Marantika, Jennifer Chien Albert, Angela Ng, and Glazia Veluz.

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<sup>1</sup> SMEs are the backbone of emerging markets: creating roughly 70% of jobs, contributing an estimated 33% of GDP across developing countries, and providing products and services to meet local needs. <https://frontierbrokers.medium.com/3-ways-smes-drive-change-in-emerging-economies-722df730aa14>

# 02 / Introduction

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+ Operationalising Gender Lens Investing Through  
Scaling Frontier Innovation (SFI) / **07**

# WHAT IS GENDER LENS INVESTING?

Broadly defined, gender lens investing (GLI) is “the use of capital to simultaneously generate [a] financial return and advance gender equality.”<sup>2</sup> More specifically, GLI involves taking into account gender and power dynamics throughout the investment process to understand their influence and devise investment strategies so that these harmful gender biases might be disrupted.<sup>3</sup>

Successful GLI frequently involves considering and applying **one (or more) of six gender lenses to an investment project: 1) women as investors, 2) women in the supply chain, 3) women’s access to capital, 4) women in leadership, 5) products and services that benefit women and girls, and 6) workplace equity.** Ideally, GLI is transformational: these investments “can be used as a tool to shift market behaviour and get capital to the funds and firms that are demonstrating and benefitting from gender equity and equality, and seeing the strength of women as a market force and the risk of not paying attention to gender patterns.”<sup>4</sup> In other words, funders and investors will learn that investing in women is simply good for business.



## WOMEN AS INVESTORS

Women are involved in deploying capital as private or institutional investors.



## WOMEN IN THE SUPPLY CHAIN

Women are present in supply chains or distribution channels as workers and owners. This refers to opportunities to shift gender norms where there are disproportionate numbers of women.



## WOMEN’S ACCESS TO CAPITAL

Access to capital includes access to investment, loans, equity for women fund managers, founders, or owners of businesses.



## WOMEN IN LEADERSHIP

Women leading companies from board and senior management positions.



## PRODUCTS AND SERVICES

Investing in companies with products/ services that address women/girls’ needs from a social equity perspective or where women make markets. This may also include providing gender equitable access to products/services.



## WORKPLACE EQUITY

Organisations with gender balance, parity, equity across roles, and/or policies and practices.

<sup>2</sup> Gender Smart Glossary, accessed at <https://www.gendersmartinvesting.com/gendersmart-glossary>  
<sup>3</sup> Scaling Frontier Innovation Gender and Power Strategy, pg 4, accessed at <https://scalingfrontierinnovation.org/resources/sfi-gender-strategy-using-a-gender-lens-to-drive-innovation-through-entrepreneurship-2018/>  
<sup>4</sup> Gender Lens Investing Landscape, pg 9, accessed at <https://www.spf.org/en/global-data/user47/GLILandscapeReport.pdf>

# OPERATIONALISING GENDER LENS INVESTING THROUGH SCALING FRONTIER INNOVATION (SFI)

The SFI's Frontier Brokers supports four initiatives that are testing the use of GLI to address and mitigate gender inequality—in capital markets, their investment processes, and in local contexts where social enterprises operate. Each of the four initiatives highlights a different way that GLI can be applied within a given geographical and economic context. The firms implementing Frontier Brokers initiatives also engage with one another in ongoing peer learning and collaboration facilitated by the Network Convener (Good Return). DFAT engaged the Criterion Institute in 2018 to develop an SFI Program Gender Strategy to define SFI's approach to gender and inclusion, making GLI a primary focus of Frontier Brokers.

**Table 1. Frontier Broker Initiatives**

	<b>Asia Pacific Impact Notes (APIN)</b>	<b>BIDUK</b> “Berinvestasi Dalam Usaha untuk Kemajuan” (Investing in Business for Progress)	<b>Equity@Scale</b>	<b>Impact Connect</b>
<b>Gender Lenses</b>	Women as investors, women in the supply chain, women's access to capital, women in leadership, products and services, workplace equity	Women as investors, women's access to capital, women in leadership, workplace equity	Women as investors, women in the supply chain, women's access to capital, women in leadership, products and services, workplace equity	Workplace equity, women in supply chains, products and services, women's access to capital
<b>Implementing Firms</b>	Brightlight, Investing for Good, University of Melbourne	Athena Global	Impact Investment Exchange (IIX)	Good Return, Palladium
<b>Description of Project</b>	Offering <b>fixed-income securities</b> that aggregate sufficient cash flow and milestone-based loans to agricultural SMEs throughout Asia-Pacific region with a gender lens.	A lending platform aimed at meeting the needs of Indonesia-based SMEs', especially businesses that are owned or led by women, using <b>unsecured, flexible debt products and services</b> .	<b>Developing a GLI ecosystem</b> throughout Asia-Pacific by mobilising human, social, and financial capital for social enterprises through investment readiness training, mentoring, and corporate-partner networks, as well as private-sector equity and debt investments.	Brokering mechanism that leverages <b>risk capital and credit guarantees</b> from both government agencies and impact-first investors, and utilises <b>cash-flow based loan repayment</b> to reduce investment risk and stimulate financing for agricultural SMEs in Cambodia and Indonesia.
<b>Objective</b>	Creating a new financial product in the market and building internal GLI capacity of partner organisations.	Establishing a new financial intermediary in Indonesia.	Scaling existing efforts to a broader audience.	Applying lessons learned from the Pacific to Asia, improving market access through GLI in the agricultural sector, and institutionalising GLI practices within financial service providers.
<b>Clients</b>	MFIs, FinTechs, farmer cooperatives, and SMEs receiving <b>loans of \$3–7 million AUD</b> .	SMEs receiving <b>loans of \$15,000–70,000 AUD</b> .	SMEs, mentors, investors, and corporate partners receiving <b>capacity-building in GLI</b> .	SMEs receiving <b>loans of \$2,500– \$50,000 AUD</b> (in line with the in-country SME needs in the agricultural sector).

# 03 / Key Takeaways and Recommendations

# KEY TAKEAWAYS FROM THE FOUR FRONTIER BROKER INITIATIVES

The following are key takeaways from the SFI Brokers' experience, which can inform organisations, particularly investors, which are interested in introducing GLI into their investment processes or already implement GLI activities.

**1 Start by assessing and benchmarking your own organisation's GLI capacity and progress toward gender equality, including investment portfolio and processes as well as your workplace equity and gender composition of leadership positions.** GLI is not solely about the companies in which you invest. It is also about the internal policies and practices within organisations that make investments. These include policies that promote workplace equity (e.g., sexual harassment, parental leave, salary transparency, etc.) and how gender is embedded in everyday decision-making across all streams of your organisation. The Frontier Brokers have taken different approaches to ensuring organisational GLI capacity. Good Return have undertaken a gender self-assessment. Brightlight have developing GLI Guidelines to be implemented internally before directing partners through the process. BIDUK was designed with gender lenses in mind. Reflecting on BIDUK's internal GLI capacity, CEO, Kaylene Alvarez, notes "BIDUK is a custom-built, prototype financial intermediary. We've been built from the ground up with a gender lens in mind. We've tried to remove as much gender bias from our process, practices, policies and our team composition as possible. Our investment committees are also gender balanced so we're not perpetuating bias." Gender benchmarking (client-focused) and gender self-assessment (internally-focused) can be used to document your baseline and set realistic targets—related to one or more of the six gender lenses—to help track progress towards desired objectives. Buy-in and participation of senior leadership are essential to demonstrate a serious commitment across the organisation and ensure outputs are formally integrated and sustained. Designating multiple (male and female) 'gender champions' and others who have a formal role may help ensure that strategies are implemented and sustained.

**2 Build awareness and capacity of other players across the investing landscape, including investors and intermediary partners investing capital.** As IIX has found under Equity@Scale, many investors have knowledge gaps that hinder them from moving towards pursuing gender transformative work. Integrating GLI into your work may require raising awareness and building partners' GLI capacity. This is especially important when working through other intermediaries who will need to see the value in capturing gender disaggregated data within their organisations as well as in their investment portfolios. Both APIN and Impact Connect have adopted approaches to building the gender capacity of partners that distribute capital, enabling them to integrate GLI into their lending processes so that they can continue GLI beyond the programme. It may help to guide partners through a gender benchmarking and assessment of their organisation. And as APIN has found, it is important to frame GLI as bringing added value, rather than simply part of compliance. For example, suggest how GLI strengthens organisational performance, mitigates risks of negative unintended consequences, attracts top talent, and improves social and financial returns.

## 3

**Conduct research focused on client needs and capacities when designing financial products and services for SMEs and allow for flexibility to implement research findings.** Market segmentation and research should inform how clients are targeted, what products and services are offered for them, and how they will access these resources. This can take many forms, from conducting key informant interviews, focus group discussions, or surveys, to analysing existing portfolio data (where gender disaggregated data is available). Product and service bundles can then be tested with a set number of clients to ensure relevance and assess performance. While market research can provide insights about a general client segment, as BIDUK has found, having conversations to truly understand an SME's needs during due diligence can also ensure that proposed products and services are most relevant to their needs. However, over-customisation can lead to difficulty replicating across clients and increased transaction cost.

## 4

**Look beyond providing access to capital in your approach to GLI.** The Frontier Broker experiments have found that SME growth (especially for women-owned or led SMEs) isn't just about access to finance. Non-financial support that SMEs need and how and by whom this support is best delivered also are important. Conducting assessments of SME needs is crucial, and understanding context for the non-financial support will help ensure that it does what is intended. Under SFI, some Brokers provided their own support (IIX) while others partnered with third parties (BIDUK). Improved financial management skills, market access development, and investment readiness were among those additional capabilities found to be critical for success. SMEs need support services to ensure money is well managed, they can address non-financial gaps, and scale their impact. Entrepreneurial support organisations (ESOs) could be valuable partners in capacity development assistance; however, ESOs that are currently providing such support for social enterprises is a critical gap in the Asia-Pacific region. Incubation and acceleration services are relatively nascent, inaccessible to many, and programming rarely applies a gender lens.<sup>5</sup> Ideally, an understanding of SME needs will come out while conducting research on client needs and capacity, but it may also require additional conversations and relationship management by the investment fund managers.

## 5

**Be conscious of and monitor unintended non-financial consequences of increased access to finance.** Traditional investors tend to think about risk solely in terms of the potential financial loss on an investment. GLI aims to also consider the gender impact profile of an investment. GLI investors need to think beyond financial risk to consider very different unintended consequences of their investment(s). For example, increased access to finance is sometimes associated with increased rates of gender-based violence.<sup>6</sup> Gathering data on women's preferred channels for accessing finance and safety concerns can help mitigate unintended consequences when designing product/service offerings. Further, adopting Do No Harm and other Responsible Investment Principles, like Impact Connect has done, can help ensure that these considerations are taken into account during the investment process.

<sup>5</sup> Frontier Incubators Interim Results and Learning Report, pg 4, accessed at [https://cdn.scalingfrontierinnovation.org/wp-content/uploads/2020/06/30061142/9\\_Incubators-Report\\_April\\_20\\_2020.pdf](https://cdn.scalingfrontierinnovation.org/wp-content/uploads/2020/06/30061142/9_Incubators-Report_April_20_2020.pdf)

<sup>6</sup> Preventing and Responding to Gender-Based Violence, pg 3, accessed at [https://www.icrw.org/wp-content/uploads/2020/12/Preventing-and-Responding-to-GBV-a-Critical-Component-of-Economic-Development-and-WEE\\_Dec2020\\_CWEEE.pdf](https://www.icrw.org/wp-content/uploads/2020/12/Preventing-and-Responding-to-GBV-a-Critical-Component-of-Economic-Development-and-WEE_Dec2020_CWEEE.pdf)

## 6

**Establish strong impact measurement and management processes, and fund necessary data collection to build the evidence base and business case for GLI.**

This is necessary for attracting risk-averse partners and mainstreaming GLI beyond the current market of early-adopters and champions. Yet, impact measurement and management looks different to each stakeholder across the GLI ecosystem. For example, institutional investors or investment fund managers tend to take a higher level, portfolio approach, whereas SMEs can capture beneficiary-level data on the social impacts achieved by gender lens investments. The following takeaways focus on the perspective of investors.

## a

**Frame impact measurement and management around improving social and financial performance, rather than compliance.**

When organisations adopt metrics and reporting processes simply for compliance reasons, they are less likely to apply them to organisational decisions or maintain these practices after a specific engagement closes. When engaging partners around GLI metrics and reporting, frame it as an opportunity to improve their offerings to clients and as a way to inform learning and adaptive management. Planning for sex- or gender-disaggregated data across the investment value chain—from SMEs (and their beneficiaries) to investors—is a good starting point. Once organisations are able to measure their impact performance, there are tools available to help integrate impact considerations into the investment process. IIX has adopted the use of SROI, which uses a dollar figure measurement of social and environmental impact to estimate the impact value per dollar of investment.

## b

**Incorporate qualitative data collection into your measurement activities.** For example, adding perception or capacity indicators can capture how different stakeholders perceive GLI within their context (e.g., enterprise vs. investor) and whether they have the capacity to implement changes. For example, BIDUK plans to measure changes in thinking among SMEs after BIDUK introduced such approaches as gender balanced teams and women in leadership positions. Currently, most GLI-focused data collection captures quantitative outputs.

## c

**Fund the collection of beneficiary-level data and data quality checks.** A desire to better understand how beneficiaries are affected by GLI has emerged clearly within all of the organisations involved in Frontier Brokers, as well as through conversations with other potential partners and investors. This has been a key point of discussion across global GLI platforms and forums. APIN demonstrates that there are already tools and methodologies that investors can use to do this, for example, improving the narrative around how women along supply chains of investees actually experience improved livelihoods. APIN intends to support SMEs and draw more sophisticated insights, such as the consistency of impact (whether the rate of change is increasing or decreasing) and the beneficiary value and sustainability (whether the change is lasting and valued). Ensuring the collection of quality and valid data at the beneficiary-level requires adequate resourcing which should be supported, if not mandated, across all projects.

**7 Focus on local concerns, especially during disasters.** The principle of bilateral partnerships is built on shared experience and knowledge—people working together as peers who will help each other drive the Sustainable Development Goals and Agenda 2030. Emerging technologies in lower-middle income countries have brought about new learning opportunities from knowledgeable and skilled local human resources. Fifi Rashando from Impact Connect notes that “It is critical to promote the participation of local stakeholders in GLI.” During the COVID-19 pandemic, local staff or partners have played a key role in responding to disaster needs on the ground. Having regular communication with local partners and staff is critical to developing effective GLI.

**8 Partnerships are critical to effectively implementing GLI and contributing to mainstreaming of GLI.** Each of the Frontier Brokers leverages a range of partnerships to design and implement their diverse approaches to GLI across the investment ecosystem. These partnerships enable access to new networks (whether SMEs or co-investors), existing expertise in GLI and impact measurement and management, and SME support services needed to fill gaps in capacity. For example, APIN has leveraged expertise from the University of Melbourne and the Criterion Institute to design their GLI guidelines and impact measurement and management approach while Good Return partnered with Palladium to leverage their expertise in conducting gender benchmarking exercises and structuring financial products and services with a gender lens. Further, these partnerships help diffuse awareness of and capacity to apply GLI approaches across the investment ecosystem.

## RECOMMENDATIONS FOR FUNDERS TO CONTINUE TO PROMOTE GLI

The following are recommendations to funders or donors that finance or wish to finance GLI.

**1 Use your organisation’s capacity to promote demonstrations of GLI.** To understand the role best suited for donors, DFAT has intentionally taken diverse approaches to promoting GLI in order to learn about what works well and where. This is true across DFAT’s development finance programmes (see page#) as well as within Frontier Brokers. All of the Frontier Brokers recommend continuing to support demonstrations to promote diverse approaches to GLI, facilitating credit guarantees for new funds to help balance the need for risk and return or providing grants into new or smaller funds or to organisations seeking to scale activities that will help improve the overall ecosystem for GLI. Since in the current environment, the modality of DFAT’s current direct support is dominated by grants, to do this effectively DFAT should actively pursue deeper partnerships with donors that have the capacity and mechanisms to provide credit guarantees and make additional investments and facilitate connections between them and DFAT’s implementing partners pursuing GLI.

a

**Promote demonstrations of GLI by helping scale existing work.** Frontier Brokers have helped IIX and Good Return scale existing work. IIX was able to integrate GLI into existing training programmes and reach a wider audience. Good Return was able to expand work they had already begun testing in Asia-Pacific. As a staff member from Good Return notes, “Frontier Brokers allowed us to expand our impact investing work to Asia and build knowledge on investing with a gender lens specific to this context. This work will now continue to be expanded further into Asia.”

b

**Promote demonstrations of GLI by supporting the start-up of new approaches.** Under Frontier Brokers, DFAT also funded the establishment of two entirely new activities: BIDUK and APIN. Funding for BIDUK enabled the creation of a grassroots intermediary able to make small investments without other partners; there was no need to de-risk investments beyond using the approaches BIDUK believes will reduce risk of non-performing loans (e.g., relationship building, customising financial products and services). DFAT funding enabled APIN staff to focus on an area of work that otherwise may not have received organisational support.

2

**Capture evidence and lessons learned from demonstrations.** Proof-of-concept programmes should continue to be championed and supported by donors as even in the proof-of-concept stage, donors should be considering broader scalability. The BIDUK team believes that the next step for donors should be capturing learnings around successes and gaps through convening implementers, conducting research, and strengthening monitoring, evaluation, and learning programmes. The team notes, “this is a rather long approach that could take a couple of years of capturing and capitalising upon learnings on GLI, but ... there is enough substance out there to start moving beyond the current discussions”. Learning can be internal and external (e.g., integration into blended finance learning agenda). Raising awareness and building credibility is especially important for activities that may fall outside of the traditional perception of GLI as simply investing in WSMEs. It’s also important to highlight how GLI can be integrated throughout the investment process.

3

**Support capacity building across the investment ecosystem, including entrepreneurial support organisations.** The Frontier Broker projects highlight the various ways in which capacity can and needs to be built across the investment ecosystem (from institutional investors to SMEs). Ensuring capacity across the ecosystem is essential for GLI mainstreaming and sustainability beyond a specific project or activity. When DFAT is funding GLI programmes, an element of capacity-building should be included, and go beyond simply introducing GLI concepts. SMEs still require support to attract and manage investment. Francois Ritchot of Palladium notes, “more broadly, the role of the donor community in GLI is to support the building of the enterprise ecosystem around women”, citing support for women entrepreneurs and accelerators targeting women as particularly necessary. Donors also can invest in ESO capacity to help fill the critical gap in support for SMEs in the Asia-Pacific region where, as noted above, the space is relatively nascent, inaccessible to many, and programming has, to date, rarely applied a gender lens.<sup>7</sup>

<sup>7</sup> Frontier Incubators Interim Results and Learning Report, pg 4, accessed at [https://cdn.scalingfrontierinnovation.org/wp-content/uploads/2020/06/30061142/9\\_Incubators-Report\\_April\\_20\\_2020.pdf](https://cdn.scalingfrontierinnovation.org/wp-content/uploads/2020/06/30061142/9_Incubators-Report_April_20_2020.pdf)

## 4

**Facilitate network connections through network weaving.** GLI will also benefit from donors finding ways to support building new connections across the entrepreneurial ecosystem. The consortium approach and network convening components of Frontier Brokers encourage this, as does positioning the Frontier Brokers programme with the two complementary programmes of the SFI, Frontier Innovators and Frontier Incubators. As a staff member from Good Return notes, Frontier Brokers “facilitated a new and valuable partnership for our organisation, where we have benefited from learning about their approaches to gender.” Donors can do this by emphasising network weaving (defined as connecting people strategically where there is possibility of mutual benefit, and serving as a catalyst for self-organized groups) recognising that impact comes from catalysing connections between members.

## 5

**Develop a framework for reviewing GLI activities to strengthen design and implementation and promote learning across DFAT’s diverse portfolio of projects that promote GLI.** DFAT has intentionally pursued a diverse set of activities around GLI to test and learn from different ways in which donors can most effectively promote GLI. This makes it difficult to be prescriptive about a set of core metrics or activities that have to be included in each GLI initiative, especially given the importance of tailoring GLI approaches to organisational and local context. However, internally, DFAT can increase alignment and collaboration between current and future GLI initiatives to encourage shared learning and capture and disseminate learning with other donors. DFAT should create a framework for staff to use when reviewing and deciding to fund new GLI activities. Based on interviews with DFAT staff,<sup>8</sup> some criteria are emerging to include things like a review of whether DFAT investments intentionally include gender benchmarking and self-assessments, have allocated funding for beneficiary-level data collection and validation, and have a clear plan for engaging partners and building capacity around GLI.

<sup>8</sup> These interviews were conducted by Moonshot Global for the Blended Finance Learning Programme, another DFAT-supported initiative that aims to develop a DFAT-wide portfolio-level approach to measurement and learning on DFAT investments that include blended finance approaches.

# 04/ Insights from Frontier Brokers

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# 1. ASIA-PACIFIC IMPACT NOTES (APIN)

## KEY FEATURES

- **Lead Organisations:** Brightlight, Investing for Good, University of Melbourne
- **Countries:** Bangladesh, Cambodia, India, Indonesia, Malaysia, Myanmar, Philippines, Thailand, and Vietnam
- **Sectors:** food and agriculture, SME financing and trade financing, financial inclusion
- **Clients, Deal/ Loan Size:** investment fund managers receive investment of \$60-100 million AUD; borrowers (MFIs, FinTechs, farmer cooperatives, SMEs) receive loans of \$3-7 million AUD
- **Loan Tenor:** various
- **Unique Features:** mainstreaming GLI, fixed-income securities, GLI capacity-building, social-bond issuance, cash-flow based repayments, milestone repayments, end-beneficiary outcomes
- **Gender Lenses:** women as investors, women in the supply chain, women's access to capital, women in leadership, products and services, workplace equity
- **Investments to Date:** Issuance scheduled for end of 2021.

The Asia Pacific Impact Notes, implemented by a consortium of Brightlight Impact Advisory, Investing for Good, and University of Melbourne, represents the world's first International Capital Market Association-verified Social Bond Issuance used to aggregate appropriate loans for SMEs across the Asia-Pacific region. APIN uses fixed-income securities—debt instruments that provide investors a financial return in fixed, periodic payments and the eventual return of their principal investment. For SMEs, the loans are designed for periodic repayment based on cash flow or other predetermined milestones. In this way, APIN enables SMEs to access capital markets in a timely, cost-efficient, and flexible manner. Simultaneously, investors are provided with an investment product that embeds GLI principles into its design while also meeting requirements of scale, standardisation, diversification, and liquidity.

APIN's approach to mainstreaming GLI focuses on establishing GLI Guidelines to be implemented internally by the implementing partners, promoting these guidelines with partners and institutionalising GLI for investors. APIN aims to test the hypothesis that building the gender lens capacity will increase the amount of capital that fund managers invest with a gender lens and that exposing investors to the value of GLI will influence their investing habits.

## ESTABLISHING GLI GUIDELINES

The organisations that make up the implementing consortium were new to GLI, and one of their first steps was to create GLI Guidelines. APIN's GLI Guidelines were initially designed by the Strategic Development Group to serve as a framework for assessing the promotion and achievement of gender equality across APIN. The Criterion Institute helped refine the guidelines, with a particular focus on how to operationalise as well as institutionalise GLI, and to come up with a methodology for measurement. The Criterion Institute is also supporting Brightlight's efforts to institutionalise these guidelines internally to sustainably build Brightlight's capabilities for delivering GLI programmes and investments. The GLI Guidelines framework is aligned with the 2X Challenge (as illustrated below), which pledged to mobilise over US\$4 billion of investment to support women in emerging economies by 2020. To qualify for APIN, borrowers must already meet—or demonstrate an ability to meet—at least one of the following 2X Challenge criteria:

Gender Lens	2X Challenge Criterion	Relevant Brightlight GLI Category	Threshold for APIN	Apply Financial Institution Borrowers?	Apply to Underlying SME Borrowers?
Womens Access to Capital 	Entrepreneurship	+ Availability and Accessibility of Finance + Gender Equality Awareness + Disaggregated Data Collection	At least 51% share of women ownership		
			Business founded by Women		
Women in Leadership  Women as Investors 	Leadership	+ Women's Leadership + Value Chains and Women Led Organisations	At least 25% senior management are women		
			At least 30% Board or IC are women		
Workplace Equity  Women in Supply chain 	Employment	+ Remuneration for Women + Employment Policies Supporting Women + Disaggregated Data Collection	At least 40% of workforce or people in supply chain are women		
			Workplace equity policies/practices in place		
Products & Services 	Consumption	+ Differential Impacts on Men and Women + Portrayal of Gender Stereotypes + Disaggregated Data Collection	Product or services disproportionately benefit women (Y/N)		

## UNDERSTANDING THE MARKET AND SECURING INVESTMENT

Investment fund managers play a critical role in promoting GLI. APIN will assess their baseline organisational gender capacity and set milestones to measure improvements in this capacity over time. This process helps understand both the ability and willingness of investment fund managers to promote GLI. Simba Marekera, Head of Solutions at Brightlight, explains, “it is part of the legal agreement between Brightlight and underlying fund managers that they report on the extent to which improvements are made towards the gender criteria. If they’re not achieving the milestones, we will work with them to identify ways to overcome any barriers.”

This includes the investment fund managers’ capacity for meaningfully capturing data in impact measurement. The objective is to move beyond a compliance-oriented approach of monitoring policies or gender compositions of teams to improving capacity and understanding how to adapt decisions so that gender lens approaches can be embedded throughout operations. Engaging partners in a learning process adds value to their organisations and can help capture lessons learned and measure internal changes made to integrate GLI across the investment process.

APIN selected three investment fund manager partners:

1. **TriLinc** is an impact fund manager dedicated to innovative investment products to increase the impact investing market. “TriLinc is women-owned and has a lot of women in management positions so we were confident with their internal processes”, Marekera states. As a result of their interest in partnering on this project, TriLinc have developed a gender strategy based on Brightlight’s gender criteria.
2. **Farmfit** is a public-private impact funder that seeks to unlock access to capital and access to market opportunities for smallholder farming.
3. **responsAbility** is an asset manager working across emerging economies in the sectors of financial inclusion, sustainable food, and climate finance.

## INSTITUTIONALISING GLI FOR INVESTORS

APIN is not solely targeting investors with an interest in GLI. Marekera notes, “talking to investors is about knowing where they are. If they have shown interest in women’s empowerment, then emphasise GLI; if they are looking for a good financial investment, perhaps in new markets, then emphasise the risk-return profile and the guarantee.”

However, APIN aims to mainstream GLI for investors by incrementally sharing evidence on the business case for GLI. Over the three years of the first issuance, investors will be provided quarterly reports on financial performance with gender impact results and learnings embedded throughout. The hypothesis is that, while investor perceptions cannot be instantaneously changed, exposing investors to evidence on the value of GLI may minimise risk misconceptions and increase appetite for gender smart investments in the long term.

## 2. BIDUK

### KEY FEATURES

- **Lead Organisations:** Athena Global Alliance
- **Countries:** Indonesia
- **Investors:** DFAT Frontier Brokers, Investing in Women, Friends of Tilonia
- **Clients:** women's and men's Small and Growing Businesses (SGBs) (women-led businesses comprise at least 30% of investees for the DFAT FB funding, while women-led businesses are 100% for IW)
- **Deal/Loan Size:** \$15,000-70,000 AUD
- **Unique Features:** cash flow-based repayment, unsecured lending, early-stage SMEs, persona development research, mainstreaming GLI
- **Loan Tenor:** 6-12 months
- **Gender Lenses:** women's access to capital
- **Investments to Date:** Seven loans have been dispersed across four businesses, totaling \$280,000 AUD. Working capital loan (47%), bridge loan (33%), and inventory financing (20%). Two clients are repeat borrowers, one fully performing while the other required loan restructuring. Three out of four businesses targeted are women-owned.

Established in March 2019, BIDUK is a lending platform aimed at meeting the financing needs of SMEs in Indonesia, especially those owned or led by women, by testing the use of flexible, commercially priced debt products and services. BIDUK aims to promote GLI through its internal processes, its customised products, engagement with clients and impact measurement.

*“One of BIDUK’s innovations is that gender is embedded in the fabric of our model, meaning that the core of our business is to demonstrate a successful investment process free from gender bias, rather than trying to retrofit gender equitable measures in an existing, discriminating process of investments.”*

- Kaylene Alvarez, Athena Global Alliance

### CUSTOM DESIGN OF GLI PRODUCTS AND SERVICES

BIDUK's model is built around removing implicit bias that often inhibits women's access to capital. BIDUK does this by providing unsecured loans to minimise barriers traditionally found in the formal financial sector (unsecured loans are loans provided without collateral such as land or other property and assets, cash, etc.). BIDUK's loans are also customized to the client. During due diligence, each client's needs are assessed and discussed. BIDUK considers the clients' ability (measured by quantitative ability to repay the loan) and willingness (whether the client wants to make repayment a priority) to pay. Additional quantitative analysis is based on the cash flows of the business. This analysis is paired with site visits and discussions with clients to determine the size and terms of the loan. BIDUK is targeting a minimum of 30% of all loans to be disbursed to women-owned businesses.

## DUAL FOCUS ON INTERNAL AND CLIENT PROCESSES

Athena Global, a woman-owned consulting firm aimed at applying private-sector financing approaches to solve traditional development challenges, has given consideration to the gender balance of its BIDUK team (56% women; 44% men), Loan Approval Committee (67% women) and Advisory Board (50% women). Staff are ensured equitable family-leave time that encompasses maternity and paternity leave; it also includes non-biological parents (for adoption and in vitro fertilisation), care for family members other than children as well as flexible working arrangements.

When working with clients who may be less familiar with GLI or investment terms, BIDUK stays away from formal definitions. Instead, BIDUK introduces more tangible concepts, such as team diversity and internal policies, during conversations to help clients reflect on their current practices and business composition. BIDUK initiates a process of reflection on the importance and benefits of greater diversity to businesses during the due diligence process. Client feedback about these discussions has been positive, with some reporting improved awareness, working environment, and workforce composition.

## IMPACT MEASUREMENT AND MANAGEMENT

In evaluating metrics, BIDUK gender-disaggregates all data from inception to demonstrate the positive performance of loans to women in its portfolio and to support the case for mainstreaming GLI in Indonesia. In addition to reporting how BIDUK performs against the six gender lenses,<sup>9</sup> BIDUK also applies finance industry-standard metrics.

Going forward, BIDUK will capture more substantive social equity impact through specific metrics, voluntarily reported by investee companies. The goal is to test the hypothesis that there is a positive correlation between transparency in reporting and reduced risk, to show causality between valuing women—as business owners, in leadership roles, and as employees—and reduced business risk. Indicators include the availability of equal parental leave policies, equal pay for male and female employees, and retention of female employees.

BIDUK also aims to inspire clients' thinking and attitudes towards gender equity across their business, supply chains, and customers. To that end, BIDUK tracks the investee's gender composition and gender-related policies from the outset, introducing conversations on improving gender practices during due diligence, and continuing these discussions through loan management to exit. Qualitative data collection captures shifts in attitudes; and helps investors understand where and how they can help move the needle in thinking about GLI at the enterprise level.

## INVESTMENTS TO DATE

BIDUK approved and disbursed its first two loans in June 2020. The first loan was to a woman-owned business that sources locally produced products for customised gift baskets using BIDUK's rebate product, in a partnership with Swisscontact. The second loan was for a company that creates biodegradable takeaway products made out of seaweed and bamboo sourced in Indonesia to help replenish inventory finance and fulfill committed purchase orders. In February 2021, BIDUK disbursed capital to a third client under Frontier Brokers funding. The loan was for a packaged noodle production business.

<sup>9</sup> Women as investors, women in the supply chain, women's access to capital, women in leadership, products and services, and workplace equity.

### 3. EQUITY@SCALE

#### KEY FEATURES

- **Lead Organisations:** Impact Investment Exchange
- **Countries:** across the Asia-Pacific region, including Indonesia, Philippines, Bangladesh, Pacific Islands
- **Sectors:** sector agnostic
- **Deal/ Loan Size:** through capacity development support and access to networks, Equity@Scale has facilitated deals to a value of over US\$5M (\$6.4 AUD) and is on track to unlock US\$10M (\$12.9M AUD)
- **Unique Features:** building the GLI ecosystem for investors, mentors, and SMEs through capacity building and investment facilitation
- **Gender Lenses:** women as investors, women in the supply chain, women's access to capital, women in leadership, products and services, workplace equity

Equity@Scale, led by IIX, utilises a multi-stakeholder, multi-pronged approach to shift the gendered power dynamics of the investment process in the Asia-Pacific in favour of women entrepreneurs and gender equity using a variety of networking, skill-building, and mentoring programmes. Equity@Scale aims to build the capacity of key players across the investment ecosystem—including enterprises, investors, foundations, banks, financial service partners, lawyers, corporate partners and mentors—in gender lens approaches to a variety of areas and propel considerations of gender in investment processes further into the mainstream in Asia-Pacific.

#### Equity@Scale Capacity-Building Activities

Future 500 Fellowship Programme	Future 500 Network	Impact Partners Platform	Corporate Partnerships
Provides access to a suite of services, including technical assistance, capital raise, mentorship, and new market entry	Connects GLI leaders and mentors who are stepping up to embrace sustainable innovation and women's empowerment	Provides access to capital and investments via the largest crowdfunding platform for impact investing	Helps enterprises gain broader market access to scale their impact

#### GLI CAPACITY-BUILDING TRAINING

IIX has provided online training for enterprises, business professionals, and investors for over ten years. Recognising rising interest in GLI within the impact investor community, IIX saw an opportunity to scale its work and take a more explicit approach to integrating gender across the skills-building activities it offers. Capacity-building is primarily provided through online training on measuring impact with a gender lens using various impact measurement and gender lens analysis methodologies.

## TRAINING FOR SMEs

Enterprises can access IIX's Investment Readiness and Impact Assessment Course free of charge, which democratizes access to education to stimulate widespread knowledge of gender lens approaches. In designing the ways that gender was integrated into the training, IIX was able to leverage its expertise as practitioners. Jennifer Chien from IIX notes, "The design was built on IIX's experience that positions us to understand the gaps in gender impact assessment that keep coming and the common barriers to understanding the capital raise process."

The course trains participants in the importance of gender-transformative businesses for women's empowerment, the process for raising capital, the variety of financing options available at different growth stages, and a guide to creating an Impact Assessment with a gender lens. This Impact Assessment is used when an enterprise pursues capital-raising activities through IIX, thus embedding gender into evaluating potential investments.

**By April 2021, 639 impact enterprises have accessed the training.**

**163 enterprises prepared business plans, financial models, and gender lens impact reports using the templates provided.**

## TRAINING FOR MENTORS, INVESTORS, AND SPECIALISTS

IIX helps business mentors develop gender-conscious, mutually beneficial mentoring relationships with women-focused SMEs that often lack access to mentor networks. Once mentors have completed training, they enter IIX's network of mentors and are matched with mentees. Mentors play an important role in supporting SMEs, with research showing that mentorship can lead to increased performance and growth.

Training in impact investing with a gender lens helps investors understand the importance of GLI and the role SMEs can play in advancing women's empowerment and equitable outcomes.

In addition to the online training for SMEs and mentors, three GLI webinars have been held for investors and specialists:

1. Introduction to Impact Investing with Gender Lens Short Course
2. Innovative Financing Solutions for Resilience Masterclass
3. Measuring Impact for Sustainability Masterclass

**By April 2021, 344 mentors and 804 specialists, impact investors, and debt providers have accessed training on incorporating GLI in their investment approach.**

## INVESTMENT FACILITATION

SMEs that have participated in training, and undergone rigorous assessment by IIX, can apply to join IIX's Impact Partners platform, the largest crowdfunding platform for impact investing, which connects enterprises with over 1,200 accredited impact investors. The platform provides enterprises access to investment opportunities and minimises the due diligence burden for investors. IIX uses detailed profiles of both investors and enterprises to facilitate customised matches.

IIX also directly facilitates capital raising under Equity@Scale. IIX is selective about which enterprises enter the pipeline for investment facilitation to ensure that all capital raised is driven towards enterprises adopting gender lens approaches. In addition to undertaking the online training, enterprises complete IIX's digital due diligence toolkit and provide an impact assessment. This provides IIX with a comprehensive snapshot of the enterprise's gender impacts. The enterprises selected for capital raising activities must demonstrate a strong commitment to at least one of the six gender lenses and make the online training available for their employees. Each enterprise is matched to potential investors for pitching (with restrictions on in-person events due to COVID-19, IIX held virtual pitches for Equity@Scale, with great success).

**Under Equity@Scale, IIX facilitated capital raising for five enterprises amounting to over US\$5M worth of gender lens investments as of December 2020.**

Through this process, IIX found significant value in customised matching between investors and enterprises, especially for equity investments where enterprises and investors must have aligned risk-return profiles and GLI expectations.

## 4. IMPACT CONNECT

### KEY FEATURES

- **Lead Organisations:** Good Return, Palladium, CROWDE
- **Countries:** Indonesia
- **Sector:** agriculture (Chilli, Paddy, and Corn)
- **Loan Disbursement:** \$178,533.85 AUD
- **Unique Features:** use of loan guarantees and tools such as gender benchmarking, organisational gender self-assessments, and agricultural value chain analysis and a market development approach
- **Gender Lenses:** women in leadership, workplace women's access to capital and market, women in supply chain
- **Investments to Date:** As of March 2021, 48 SMEs have been funded and supported by Good Return loan guarantees. Of these, 35 are women agripreneurs.

Impact Connect, implemented by Good Return and Palladium, aims to connect SMEs in the agricultural sector across Cambodia and Indonesia with access to finance so that they can unlock their potential and scale their development impact. Impact Connect's strategy seeks to promote GLI through providing credit guarantees to de-risk investment with a gender lens. The implementing partners are also working with FSPs to build their capacity for GLI. Palladium is leading on undertaking gender bench-marking, which assesses FSPs' products and services to their clients to help them understand the SMEs they hope to serve. Good Return is leading on gender self-assessments, to examine current gender capacity and practices within the organisation, with the aim to create equal rights and opportunities for all staff in the organisation and in their approach to service delivery.

### CREDIT GUARANTEES

Impact Connect leverages capital from impact-first investors to stimulate financing for and improve lender confidence in agricultural SMEs in Cambodia and Indonesia. Frontier Brokers provides \$200,000 AUD to de-risk and crowd-in social impact capital by covering any first losses. In addition, Impact Connect has raised over \$300,000 AUD from social impact investors into a fund that will be used to provide loan guarantees. Impact Connect is designed to partially guarantee loans of \$2,500-\$250,000 AUD from local FSPs to under-served SMEs in the agricultural sector.

Under Good Return's loan guarantee agreements, FSPs commit to providing access to finance and advancing agricultural financing. They are equally committed to helping women access loans; increasing income and employment opportunities for women; meeting the need to finance the 'missing middle' (businesses not able to meet their financial needs mostly due to collateral requirements); applying a gender lens approach in order to widen the participation of women in the workforce and increase their share of returns; as well as tackling gender constraints for both men and women in the workplace and in value chains. Good Return has partnered with Chamroeun Microfinance in Cambodia and CROWDE in Indonesia to identify pipeline and disburse capital under Impact Connect.

As part of a pilot project, Chamroeun Microfinance is committed to disbursing \$250,000 AUD annually to advance agricultural lending to SMEs. While CROWDE, an agri-fintech start-up, is committed to disbursing approximately \$800,000 AUD annually to advance unsecured agricultural value-chain loans to SMEs and provide them access to market and finance opportunities. The value chains are chosen based on the market demand and opportunities for women participation.

## GENDER BENCHMARKING AND GENDER SELF-ASSESSMENTS

Impact Connect is also working to provide more targeted support for improving the financial intermediaries' gender capacity. As a starting point, Palladium has led the process of conducting gender benchmarking, as part of its e-SME Diagnostic. The focus of the gender benchmarking during the pilot project with Chamroeun and CROWDE was on the identification of more equal opportunities for both male and female customers. Palladium's Francois Ritchot emphasized the importance of conducting diagnostics and market research before selecting which financial products and services to offer women-owned small and medium-sized enterprise (WSME) clients.

After the client-focused gender benchmarking has been completed, the financial institution is engaged in a staff-focused gender-self assessment. It is important that they feel this process is not simply a compliance requirement but also understand how it can add value to their organisation. This requires a high level of commitment and resourcing, especially when gathering inputs from all staff. Impact Connect found that working with partners to establish a dedicated Gender Team, that includes male and female representatives (gender champions) at the senior management level, has been crucial to understanding the specific challenges and processes of each organisation or institution and generating buy-in.

After participating in the gender benchmarking and gender self-assessment process, CROWDE increased its commitment to expanding its female client segment. Impact Connect is CROWDE's first GLI partnership. Prior to the beginning of this partnership with Impact Connect on 30 June 2020, the percentage of female clients was only 23% and although they collected gender disaggregated data, they did not fully use it for product and service development. Through this pilot project with Impact Connect, they initially committed to reaching a minimum of 25% of loans to women; however, they have since doubled the percentage of female clients to 50%. Good Return and Palladium are now planning to help CROWDE fully utilise gender disaggregated data to improve their lending products and services to their female client segment. In Cambodia, Good Return and Palladium are assisting CHAMROEUN to develop SME agricultural lending policy.

***“The Good Return team provided excellent guidance to help us drive the gender self-assessment and ensuing building of the associated action plan, in a way that gave us ownership, but also the tools to understand the scope, implications and rationale for this work. With this support, we were able to carry out an assessment that is quite conceptual and complex, whilst still maintaining a grounded and pragmatic approach to ensure we found solutions that we could implement to address gaps found. This is an important piece of work that is critical to understanding both conscious and unconscious bias impacting gender equity in our institution, and to finding actionable solutions to these.”***

- Yannick Milev, CEO of Chamroeun Microfinance PLC  
(also one of the Gender Champions at Chamroeun)

## INVESTMENTS TO DATE IN INDONESIA

In the midst of COVID pandemic, 48 SMEs have received \$178,533.85 AUD uncollateralized agribusiness loans using Good Return's loan guarantees.

# SMEs funded with loans supported by Good Return guarantee	48
# SMEs supported that are women-owned	35
Total amount in \$AUD loaned to SMEs using the guarantee	178,533.85
% SMEs supported in the chilli agricultural value chain that are women-owned	20%
% SMEs supported in the corn agricultural value chain that are women-owned	100%
% off-takers supported that are women-owned	100%
% processors supported that are women-owned	100%
% SMEs outside Java supported that are women-owned	100%
% SMEs belonging to those under 35 y.o. that are women-owned	100%

