

Narrator: Green Invest Asia examines the role of finance and strong environmental, social and governance criteria (or ESG) to unlock land use investments that reduce climate impacts of agricultural and forestry commodities that we rely on for everyday life. We bring you the inside story on sustainable land use investments in Southeast Asia—what’s working, what’s not, and the green areas in between. This podcast is born out of a sustainable land use project by the same name funded by the United States Agency for International Development, or USAID, which works with investors to support agricultural and forestry companies in Southeast Asia reduce their carbon emissions through climate-smart operations.

Intro music, then fade under host’s opening.

Christy: Hi, I am Christy, Director of USAID Green Invest Asia and I will be your host today. We are very fortunate to be joined by Maud Savary-Mornet, Senior Advisor in Southeast Asia for the Global Impact Investing Network, known as GIIN. Before this appointment, she had already grown successfully one of the world's leading asset managers and impact investments ResponsAbility in Asia Pacific, where she led the gender diversity initiative. As a founder of Beyond Finance, she recently designed an award-winning fund dedicated to gender and climate resilience presented to the cop-26. I'm excited to have Maud here today to speak about gender lens investing, what it is, how it is evolving and why it matters when we talk about climate finance, particularly in the agriculture space. Uh, Maud to get started I wanted to ask you what it seems like a kind of a basic question, but what is gender lens investing given the multiple ways the term is used?

Maud: That is a key question, and thank you so much, Christy, for inviting me to this very exciting conversation today. To give a bit of my own background, I’m Senior Advisor for Asia of GIIN, so Global Impact Investment Network. It's an organization which is a global champion for impact investing. We are basically dedicated to increase the scale and effectiveness of impact investing. And we do it by building a community of practice with our members who are development finance institutions, asset owners, asset managers. Many of them actually getting more and more interested in gender lens investing. I am also a practitioner in impact investing. And my core expertise is in financial inclusion, which has a direct connection with gender lens and um in climate finance.

And I'm also quite proud of sitting in a very innovative fund, Investment Committee for Emerging Markets Impact Investing Fund, which is a development mechanism set up by the Australian Government. And I will mention it because it's actually providing capital and technical assistance for firms while applying a gender lens.

I'm also fund manager for an emerging fund called Beyond Finance. And it's really dedicated to gender lens and climate resilience. So it's an important part of my life. So let's try to give it a definition. And I would say in a nutshell, it's actually a strategy that includes key considerations related to gender. And in substance, you can divide it in two broad categories. One, it's really investing into women owners, or women-led companies. And/or investing in companies that would promote workplace equity. And that's actually quite important in places such as a management board, or the board of directors, and while investing you're also welcome to push to drive a change.

But it also, it's also an approach that is consistent to investing in companies that will offer products and services that will disproportionately benefit women, and particularly in emerging countries. And it brings

us in sectors such as financial inclusion, but also sustainable agriculture sectors that you know, very well, Christy, and water and sanitation.

A very important aspect is to focus on the process that brings gender lens in the investment process, and particularly in key areas, such as sourcing deals, sourcing companies, and also doing due diligence. And maybe I can, we can stop here and I can give you an example.

You probably know today that less than 5% of funds coming from venture capital (VC) fund, so really early stage, go to women founders. 5%. And actually I've heard recently it's even less after COVID. And when you think of the process and why it's happening, you probably know that many firms rely on informal referrals, on recommendations through network, particularly to find companies that are early stage. And it's actually a very gendered process. Because most of these professional networks are actually not very gender diverse. And you don't see many females, actually, in VC funds. It actually creates some constraint to identify the right pipeline and find the right woman entrepreneur. So how can you really overcome that?

Well, it's, of course about proactively going to women-focused events. It's about proactively focusing on women entrepreneurs, it's probably setting targets for yourself, how many companies owned and led by women you really want to screen at an early stage. And it may also be having more gender diverse investment teams. Hiring women as investment director may help the process. Financing women entrepreneurs, it's very important. It's a big market, it's actually a \$300 billion dollar gap in financing women. And it's about changing the process that leads to this gap. It is ultimately pushing for structural change. And doing that by using the power of impact investment, and of a gender lens at every step of the process.

Christy: And so just to dig into that a little bit like what might that look like? What might structural change look like? That would lead to gender equality and gender equity?

Maud: Yeah, I think it's about really addressing three dimensions, right? Getting access to finance for women, who are entrepreneurs, that's one. Pushing for a better representation of women in management, and both, that's probably the second dimension. But it's also addressing the needs of women, as a specific consumers. And I can probably illustrate those three dimensions. So failed access to finance for women entrepreneur, I mentioned already 300 Billion US dollar gap. It's huge.

Christy: It's a lot.

Maud: It's a lot. And of course, it can be explained by many factors. Women lack collateral, they lack support, they lack networks, they lack mentoring. And you have also this unconscious bias [at] the investment process level. Companies failing to have an adequate representation of women in leadership position. And so sad news, it's not getting better.

And that's a surprise, because if you look at it in terms of business opportunities, it shouldn't happen. So many studies, showing that there is a clear link between gender diversity and profitability of companies. Between gender diversity and risk return profile. I can, for example, refer you to a study from McKinsey in 2022 showing that actually companies that perform really well in terms of gender diversity of way above average profitability. And it's one study among many.

As a third dimension, I'd like to address it's really about women as consumers. And when you look at it from a market perspective, women are actually the largest. It's twice the size of India and China combined. And as consumers control (unclear) trillion of consumer spending.

So I think just realizing it, and considering the needs of women as a distinct consumer segment, it's actually a great business opportunity. And it's also the role of companies and corporates and investors who are investing in those companies to really develop a very specific gender lens approach to unlock this value and address the specific needs of customers. And as we know, in emerging countries in general, women who are belonging to this low-income communities have specific needs, right, related to clean energy access to clean energy for themselves, and for their families to access to clean water, access to sanitation, access to financial inclusion. And if we fail to understand those needs we also fail to realize this business opportunity in emerging markets.

Christy: Yeah, so you have to say to you know, there's like, planning these episodes. We're trying to look into investing in sustainable land use and space. The list is pretty short on female investment professionals and female leaders in this space. And the fact that there's actually two women recording this second, this chat is already a bit of an anomaly, it's a bit unusual.

Maud: It's not that common. It may be also an issue, right, because we need more male allies to really develop (Yes.) or value this approach. When I prepared the deck for my own project, the Beyond Finance fund, I was looking through my pictures of one of the 150 due diligence [visits] I've done over decades.. And it's so striking to see this gender bias, even looking at the picture during due diligence, and particularly when you visit banks or financial inclusions, microfinance institutions, [unclear] you have always the same pattern. You meet with female customers in front of you –that's ultimately beneficiaries of financial products and services.

And when you look at the picture next to you is probably sitting a guy who is an investment officer facing those female customers. And when you go back, and still doing your due diligence for headquarters and you enter the management room. I think you can you guess, you won't be facing many females anymore. So that's, I guess, a good illustration of what (the reality).

Christy: Yeah, but even without more female investment decision makers in the mix, there is still some progress. And you alluded to this, right? I mean, there's still some progress on including women in the finance equation. I think a lot of people point to MFIs, microfinance institutions, for example. I was wondering if you could talk to us a little bit about the role that MFIs are playing toward gender equality, gender equity.

Maud: No, absolutely, Christy, I think, clearly financial inclusion has been a remarkable success story of [unclear] And today we see more new business models such as fintechs, which actually also contribute to provide access to women and generally household in emerging countries. And in general, it has been a great success story in providing loans, and also savings and remittances opportunities to women and families in emerging countries. But still, there is a gap in financial inclusion. If you look, for example, at a research done by the Asian Development Bank, called Closing the Gender Gap. The title says everything, in financial inclusion. It clearly points to the fact that women are still less likely than men to have an account in financial inclusion in Asia, and particularly in certain countries, like India, Pakistan or Bangladesh, where we see a 30% gender pay gap between men and women owning an account. So I

think it's quite interesting, right? Because globally, the financial inclusion for women has increased, but we still see a gender gap.

And of course, there are still a number of barriers. It may be related to social aspects, family, work responsibility mindset attitudes towards financial institution. But it's also related to the way financial products and services are designed to specifically meets the needs women. And again, it's one of the of the approach of gender lens, right, designing products and services benefiting women. And that's why fintech comes into the equation, and it's perceived as a way to address better the needs of women and bridge the gap. But I would say more generally, it has to do with connected to the female customers, understanding their needs, and creating products and services that will also help them.

Christy: Building on that, I've seen a shift in thinking as more organizations intentionally look at financing as a tool to create structural change, and access to capital and these levers of power, if you will. So, like four years ago, G7 leaders launched what they called the [2X Challenge](#) to inspire development finance institutions, you know, the big players, not the MFIs, but the big lenders, the big commercial houses and recently, the broader private sector to invest 3 billion in initiatives that boost women's economic participation. And I think it's fair to say that these institutions have rallied, and exceeded that goal, which has been reset to 15 billion. But you know, how much further does the pendulum need to swing before we can say that we have made definitive progress to include women in finance.

Maud: I'm glad you are mentioning the 2X Challenge because it's actually a very important initiative. I mean, as you said, first it brings money on the table, right, and moving from 3 billion to 15 billion, that's actually quite an impressive trend for gender lens. And I think what is really important around this initiative is that it offers a common language around gender lens investing. And it's built really on a very comprehensive vision of gender lens, because it takes into account criteria such as entrepreneurship leadership, but also, again, companies producing products and services that will specifically benefit women. So I think it creates some common language, but also expectation.

If you take a step back, I mean, it's very hard and difficult to change the way the financial sector has worked for decades, because (centuries) because many decades, centuries, because you are touching [on] social and cultural aspect. So this 2X initiative, it's really about creating a starting point, a common language and a message that investors are always welcome and actually encouraged to go beyond the initial set of criteria.

And I like to say something also about the GIIN Global Impact Investment Network, because it has worked in partnership with the 2X Challenge, to actually define impact indicators that will be aligned with the 2X Challenge criteria. And that's also extremely important to have a common set of metrics. So you are welcome to look at IRIS+, which is a generally accepted system for measuring, managing and optimizing impact. And it's widely used in the community of investors. And we have a whole set of approaches and indicators which are fully aligned with the 2X Challenge, so it's actually a (good thing)

Christy: The 2x Challenge criteria are fairly high level. But how does that potentially translate to addressing the issue and challenges for women farmers? Are women and farming families? That's a little unclear to me.

Maud: Yeah look. I really would like to acknowledge the work Green Invest Asia has been doing in this space. It's actually very important work. And yes, there are certainly many challenges. The GIIN has worked with Iris+ on improving climate resilience for agriculture. I mean, its contribution to what you are doing every day. And some challenge comes probably from the fact that as we know, women represent 40% of labor forces in agriculture. So they produce basically 60% of the world's food – that's a lot - but still, they ~~uh~~ don't have the same access as men to capital, technology, training, and very often to land rights. And land rights leads directly to one critical aspect, which is collateral.

It's really hard to get finance, if you don't get collateral. And what can we do about it. It boils down probably to national strategies, they may be revisited, to improve women's access to inheritance, and therefore to collateral. But it may be also looking at expanding the range of collateral that is eligible. And something which actually has been developed recently, and I think it's quite an interesting development is the possibility to use carbon credit. There are many organizations today working on how to issue carbon credit, and it could be used as collateral. And we could perfectly imagine a system where those credits would [be] used by smallholder farmers, including women in particular, and so could actually expand the range of collateral used to access long-term financing. And maybe something I like to mention as well. And here, I'm really putting my entrepreneur hat on (Put it on, Maud, put it on) with my fund Beyond Finance.

It's pretty much what I've been trying to develop aligning with the 2X Challenge, because, again, it creates a common language. But also trying to somehow overcome this contradiction, where everybody recognizes, acknowledges, that gender diversity means actually better efficiency. But still it seems that the market doesn't correct itself I have been quite interested to find market-oriented tools that could help to drive this change.

There are tools such as sustainability linked loans, which are normally related to carbon considerations, CO2 reduction. Companies [that] will achieve certain objective, targets, KPIs [key performance indicators] related to CO2 reduction target, will get a spread reduction. And actually, you could exactly imagine the same mechanism with gender KPI. So that's actually what I've been developing with my private debt funds, incorporating targets related to gender, and rewarding companies who achieve those targets with spread reduction. And that's really one way to drive the change.

Christy: The idea that the market self corrects, and this is something I've always been told. But frankly, with climate change, the market doesn't seem to be self-correcting, to kind of value that and make those changes and neither for gender. And it would seem that both of these examples which are both urgent and well documented at this point in terms of economic impacts, that maybe we can't actually rely on the market to make the necessary adjustments in the timeframe that we need as a planet, and that we need as humanity. So we now seem to be in a place where we must try to be a bit more aggressive to push that market into the right direction, and put innovations out there that change how the market values, climate benefits and gender benefits.

Maud: I'd love to see the market self-correcting but in reality when we think about this particular issue of gender gap, you probably noticed that it's not expected to close before 136 years. So I think ~~it's~~ it says a lot. And apparently, during this COVID pandemics, this gap has increased again. From a really market perspective, does it really make sense? I mean, I've told you, I mean, it's really lots of studies demonstrating that investing with a gender lens. It's not only about equality, actually a good business

opportunity, right. If you invest in companies who are gender diverse, you will get a better return. If you invest in companies who are gender diverse board, you will get a better risk profile.

So, I think we can safely conclude that the market is not really self-correcting itself. As always, we wouldn't see any gap. Or maybe we would see a transitional gap. That's really not happening, it's actually the opposite happening with persistent gap that is actually widening. This connection between gender and climate, I think we're basically at the beginning of really understanding the connection. But what appears is that, of course, women are taking the brunt of the climate change.

I'd like to mention two recent initiative toolkits designed to connect gender and climate, one designed by UN Women and the other one by the 2X Challenge. And it's a great starting point for investors to identify opportunities, but also mitigate risk connecting gender and climate.

Christy: I think it's interesting that you're talking about the UN and about the 2X Challenge, which was launched by the public sector. And so I'm kind of curious about your thoughts on how partnerships have come together to advance gender lens investing and progress towards SDG 5?

Maud: Yeah, look, to meet this SDG 5 on gender equality, I guess we need a bit of imagination. Certainly, some innovation, as well. And definitely partnership simply because no one can do it alone. And partnerships in in finance may take actually various forms and shapes, particularly in development, finance. One of them is really to bring more catalytic capital. And that's usually refers to blended finance solutions. What it means is that basically, public investment coming from development finance institutions, or foundations, or sometimes government would support innovative solutions, which support sectors, which don't necessarily have a long track record, and help to de-risk it as an investing solution for private investors.

And I would say in this whole context of gender lens investing, it can be used at different stages and different ways. And I'd like to mention, an organization called Convergence, which is doing a lot of work in this space and has opened several windows to finance innovative solution incorporating gender lens, and it's at early stage through grants, but also at later stage proof of concept.

And we see more and more impact bonds that incorporate a gender lens. And those bonds are designed for institutional investors. So it's actually great to bring financing at scale for this particular sector, and ~~um~~ [silence] those bonds need very often need [loan]guarantees or junior tranche. So again, it brings us to partnerships between public and private sectors.

And maybe a second reason why partnerships are very important. Technical assistance is also very important in this space because we need to drive change and driving a change is also to support funds, but also companies to incorporate changes in their organization when it comes to, to gender. And here I'd like to mention an initiative where I'm directly involved, which is the fund set up by the Australian Department of Foreign Affairs and Trade. It's called [Emerging Markets Impact Investment Fund](#). And the purpose is really to finance funds, which finance SMEs [small and medium enterprises], but at the same time while driving and implementing a gender-lens approach. And ~~it's~~, it's innovative, because we try to bring the best practices of gender lens at the fund level itself.

So for example, the investment team is actually a woman who is leading the investment screening and the 2X investment process, and does it make a difference? I would say yes, because, as you mentioned

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Maud Savary Mornet

yourself, it's quite unusual to find women in investment teams, so I think it's very appropriate to alleviate bias in the selection and assessment of funds.

At the IC [investment committee] level, we have a very strong representation of women. That's where I have the privilege and the pleasure to sit. So that's really at the fund level, but also at the portfolio level we use a gender assessment tool to create a baseline and also keep progress over time. And technical assistance plays a very important role. It helps to identify the gaps, it helps to identify where funds could do better in their gender-lens approach.

Christy: I feel like I could talk to you for hours Maud, but just one last question. And it kind of segues to the fact that you know, the partnership with DFAT [Department of Foreign Trade and Development] and the UN etc. Gender always seems to be really on the development agenda It doesn't necessarily seem to be part of the business agenda, at least not traditionally. Is that a misperception on my part? Is there a commercial uptick in the interest of gender lens investment?

Maud: Well, I think there is absolutely no contradiction between trying to achieve SDG 5, so it's a development objective, if you want, and having at the same time, a commercial agenda. And I really illustrate it by the lowest hanging fruit possible, which is looking at women as consumers. It's half of the worldwide population, right? So you could expect, you would expect that having a good design of products and services designed for this particular population is actually a very, very strong business case. And moving from consumption to something a bit more complex, maybe this connection between gender and climate.

I read recently a very interesting study from the [Bank of International Settlement](#). I would say quite mainstream financial institution. The study connects board diversity and CO2 reduction. It demonstrates basically, that the more diversity you have at the board and management level of corporates, the more likely, you have to achieve carbon neutrality and CO2 reduction. Does it sound like a business case to you?

Christy: Sounds like a business case to me, Maud. So the research is there clearly. It's just a matter of whether or not you're paying attention to it. And I think perhaps that's where we should close this conversation for now and hope that, you know, as a result of this conversation, our listeners will- I think they're already probably paying attention- but encourage people to continue to think about this and innovate. So we have been talking to the Global Impact Investing Network (GIIN), Senior Advisor Maud Savary-Mornet, about gender lens investing. Thank you so much for your policy and practitioner perspectives, Maud, on precisely the business case for gender lens investment. To our listeners, we will continue to bring you more voices, investment insights, trends and updates from Southeast Asia on agriculture and forestry in coming episodes.-

Maud: Thank you so much, Christy, it was a pleasure.