

# Measuring Impact

In Preparation of  
**Measuring Impact**  
< Introduction >

September 2023

## Preface

“Investing in women is not just a right thing to do, but it is a smart thing to do.”

We often use this statement because we have seen data, literature and academic studies that support the phrase. At least for those who actively promote gender lens investing, this is nothing new. We are fully convinced of the multiplier effects that women can bring to herself, to her family and to her community so why not investing in women? But is this statement truly understood by many other investors? Do we need to prove that this statement is true?

Asia Women Impact Fund (AWIF) is a unique initiative started in 2017 with our vision to invest in women and girls in Asia through fund of funds, in order to unleash their full potential through their economic empowerment. Being the trail blazer to shed light on the importance and necessity of “intentionally” to generate positive social impact on women and girls in Asia and being a rare example of gender lens investing in Asia, we are tasked to demonstrate “investing in women” indeed works, in both financial sense and social impact sense.

While our investments are young and pre-mature to measure its social impact, we would like to share our commitment to measuring impact and logic behind measuring impact in this report. By doing so, we hope that we can add one more lived example to the list of successful cases to support the above-mentioned statement. We also hope that our journey to become a genuine investor who cares for impact can inspire others to be the same and to learn from our experience.

I would like to take this opportunity to thank our partners, Brightlight group and SIMI and those who gave us their valuable time to provide their inputs and perspectives through interviews. And big thanks to my AWIF team for their dedication and hard work to prepare this report.

Sincerely yours,



**Itsu Adachi**  
Executive Director  
The Sasakawa Peace Foundation



# Table of Contents



## TABLE OF CONTENTS

### AWIF and IMM

About Asia Women Impact Fund (AWIF)	3
Why impact matters to AWIF?	4
Steps of Impact Measurement and Management (IMM)	5
Learning from others	6
AWIF Theory of Change	7
Snapshots of Field Building Work	8

### IMM at Portfolio Level

Tools for AWIF IMM	9
AWIF IMM explained by Five dimensions of Impact	10
AWIF Impact Alignment Scorecard & Metrics	11
NPC Impact Risk Classification & Criteria	13
Flow to Assess, Manage and Measure Impact	15

### Impact Review of Each Investment Three case studies

Impact Review of each investment – an Introduction	16
Japan ASEAN Women Empowerment Fund (JAWEF)	19
Beacon Fund	25
Women's World Banking Capital Partners II	31

### Investor Contribution Third-party survey and interviews

What is 'Investor Contribution'?	36
The result of Investor Contribution Survey	37
Gender Lens Investing field building in Asia	38

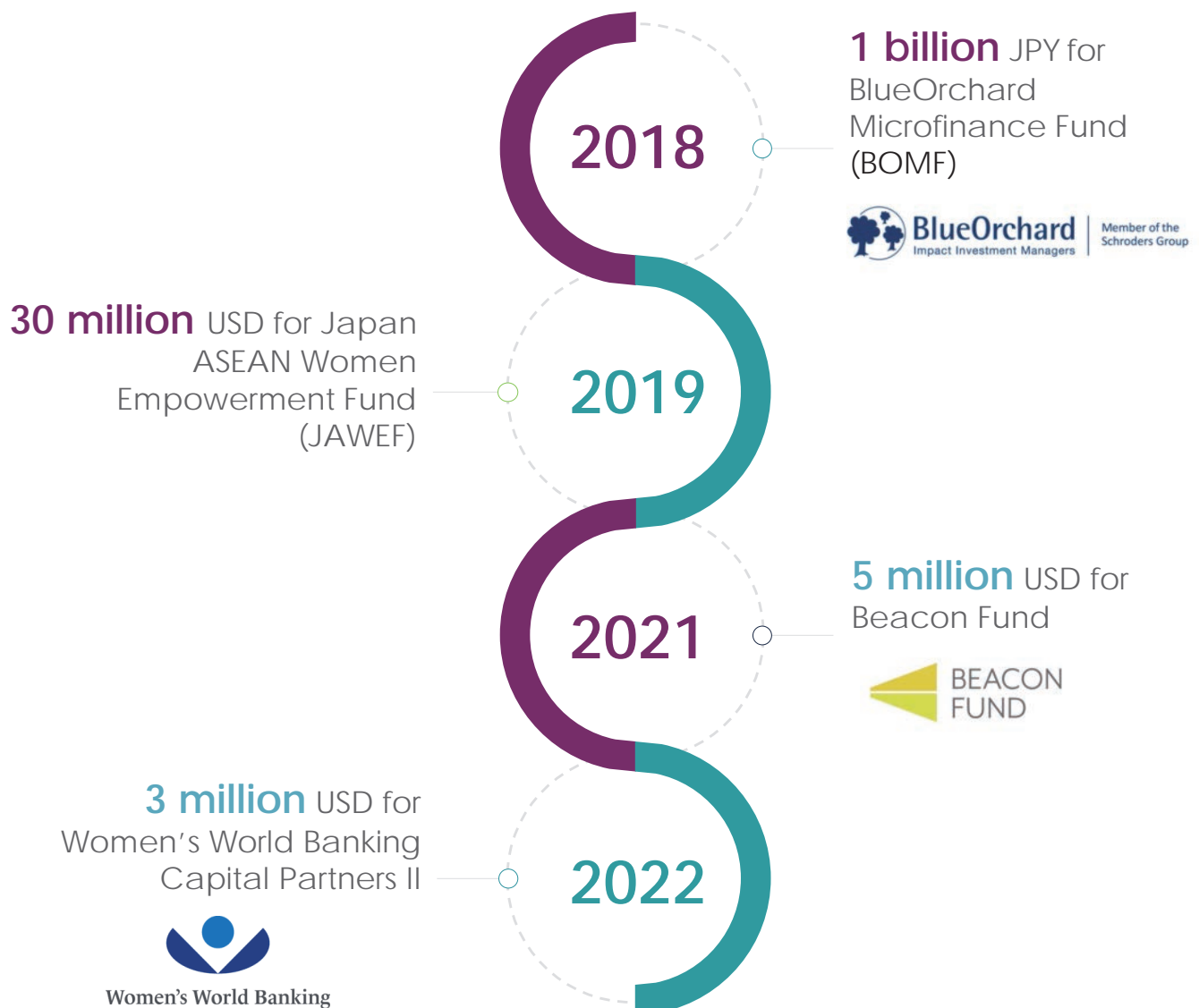
# AWIF and IMM

## About Asia Women Impact Fund (AWIF)

In 2017, Sasakawa Peace Foundation (SPF) created the Asia Women Impact Fund (AWIF), an initiative to invest up to 100 million USD to support women's economic empowerment and gender equality. AWIF made four investments between 2017 and 2022

AWIF aims to invest 100% of its portfolio towards investments that will **A**ct to avoid harm, **B**enefit Stakeholders and **C**ontribute to Solutions (**C** investments under Impact Management Project Impact Class Matrix –see the next page), and across sectors and companies focused on contributing to women economic empowerment, beyond Doing No Harm/Benefit Stakeholders. We will primarily target countries in Asia and at least 50% of investee's direct beneficiaries should be women, either contributing towards women economic empowerment or outcomes that promote gender equality, which should be measured against clearly defined criteria.

AWIF seeks investments that are aligned to SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth notwithstanding other sector specific SDGs (e.g. Health, Education, Climate, Infrastructure etc.).



# Why impact matters to AWIF?

SPF sets up AWIF with a clear intention to make positive social impact, especially on women and girls in Asia, through our investment. But then, HOW can we communicate our intention to others?

We can only communicate our intention through our Theory of Change and measuring and managing our impact based on set criteria. Having an impact management framework in place will help us stay focused on our intention, and it also increases effectiveness, accountability and transparency of our fund. Thus, IMM is an integral part of AWIF from sourcing to investing, to monitoring our investments. By highlighting that impact matters as well as IMM is essential to be an effective impact investor and avoid impact washing, we can collectively pursue impact and stay true to our contribution.

While aiming to become a true impactful investor, we first look at the Impact Class Matrix, by Impact Management Project (IMP) to locate us in the matrix to see where we place our targets.

## The Impact Class Matrix

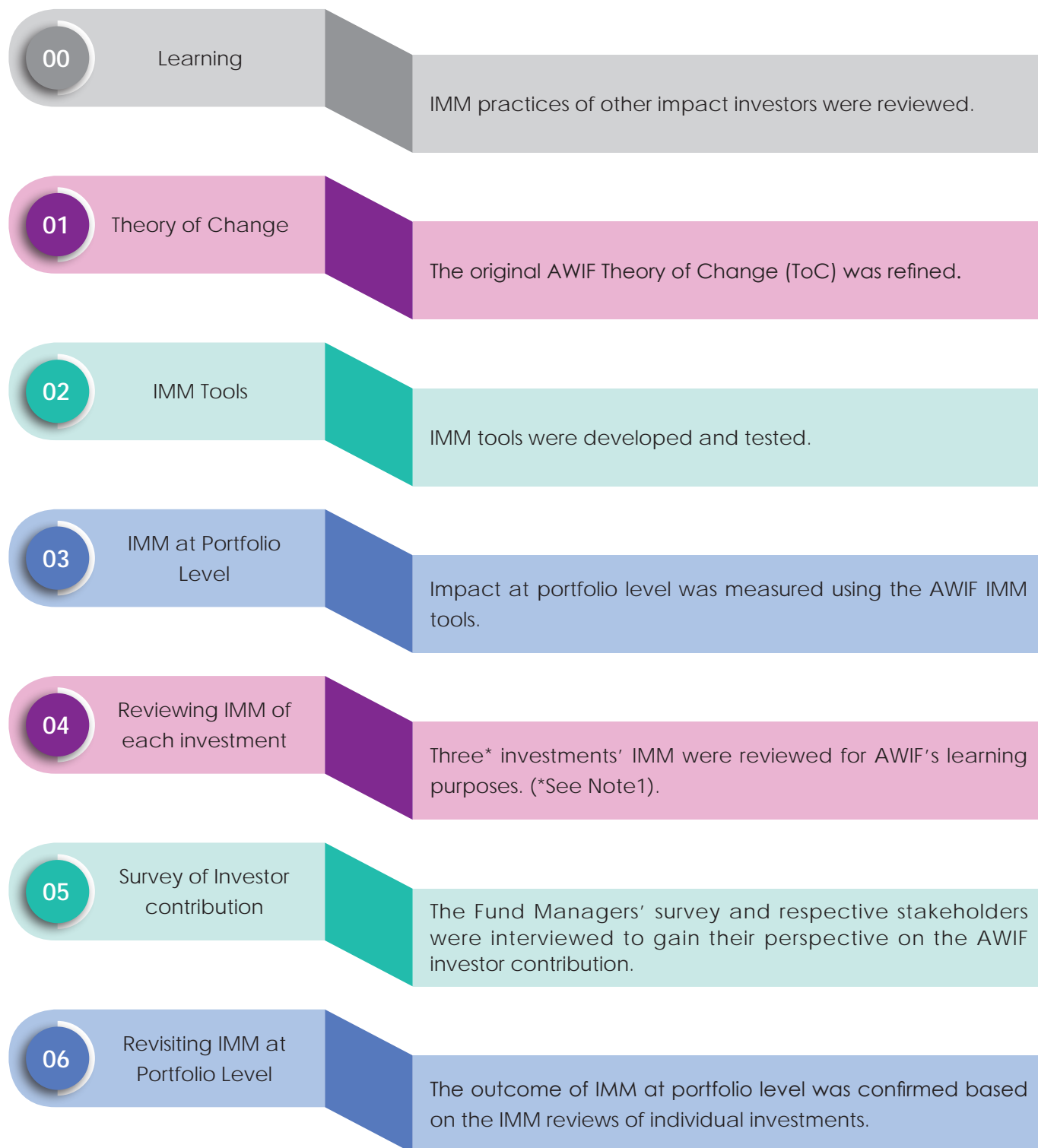
The Impact Class Matrix developed by Impact Management Project (IMP) can be used to define boundaries within which comparisons of impact performance are likely to be possible and sensible.

		Impact of Underlying Assets / Enterprises		
		Act to avoid harm		Target of AWIF
			Benefit stakeholders	
Investor Contribution				Contribute to solutions
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>1</b>	E.g. Ethical bond fund	E.g. Positively-screened / best-in-class ESG fund	E.g. Sovereign-backed bonds (secondary market) funding vaccine delivery to underserved people or renewal energy projects
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>2</b>	E.g. Shareholder activist fund	E.g. Positively-screened / best-in-class ESG fund using deep shareholder engagement to improve performance	E.g. Public or private equity fund selecting and engaging with businesses that have a significant effect on education and health for underserved people
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>3</b>	E.g. Anchor investment in a negatively-screened real estate fund in a frontier market	E.g. Positively-screened infrastructure fund in a frontier market	E.g. Bond fund anchoring primary issuances by businesses that have a significant effect on environmental sustainability, access to clean water and sanitation
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>4</b>	Investor archetype not widely observed	E.g. Positively-screened private equity fund making anchor investment in frontier market	E.g. Private equity fund making anchor investments in businesses that have a significant effect on income and employment for underserved people
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>5</b>	Investor archetype not widely observed	Investor archetype not widely observed	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people
	<b>Signal that impact matters</b> + Engage actively + Grow new / undersupplied capital markets + Provide flexibility on risk-adjusted return <b>6</b>	Investor archetype not widely observed	Investor archetype not widely observed	E.g. Patient VC fund providing anchor investment and active engagement to businesses that have a significant effect on energy access for underserved people

Source: Impact Frontiers <https://impactfrontiers.org/norms/investment-classification/>

# Steps of AWIF Impact Measurement and Management (IMM)

AWIF started its journey by learning from other philanthropic investors on their IMM practices. Then we followed the 6 steps described below to conduct IMM at both portfolio and each investment's levels. As new impact data is expected to come in the following years, the IMM should be regularly followed up as continuous efforts.



Note1: BlueOrchard Microfinance Fund (BOMF) was excluded for this 1st AWIF IMM exercise as the ticket size of AWIF is only 0.4%.

## Learning from other Impact investors

(2021-2022)

While AWIF was trying to set up its own IMM system, AWIF contracted Social Impact Management Initiative (SIMI), a Japanese NGO specialized in impact management, to look into IMM practices of 14 major philanthropic impact investors for our learning. The research was conducted through desktop research and interviews.

The major learnings that inspired AWIF IMM are as follows:

**Alignment of asset management/impact investing thesis with the overall organizational impact thesis is crucial.**

- Aligning the asset management/investment impact theme with the organization's overall vision and mission will better clarify the alignment between the mission pursued by the organization and the significance and positioning of impact investing in the organization.
- For the foundation, although the fund management and grant-making departments have never been aligned in theme or policy, impact investing has allowed the foundation to have a consistent impact theme. Several structural arrangements allow the foundations' mission and their impact investment theme to be well aligned to effectively achieve their mission.

**Theory of Change is a must**

- Many interviewees pointed out the importance of creating a Theory of Change (ToC) in the organizational strategy, taking into account the organization's history and brand. The positioning of the impact investment strategy can be clarified by situating it in the overall strategy. Naturally, to implement the strategy, setting impact outcomes and KPIs, monitoring methods (what by whom) and reporting (who should be tasked to report what) will follow.

**IMM Ecosystem needs to be fostered**

- As part of the field building to create an impact investment ecosystem, many organizations intentionally are sharing their journey and experimental tools on the IMM to other impact investing players.
- Creating a community to build an impact investment ecosystem is helping to foster trust among players. Neutral field builders differentiate their roles from those who benefit by providing their service and proprietary tools to their clients, but both play their respective roles to build the field.

**Impact reporting demonstrates the commitment of an organization to its "impact"**

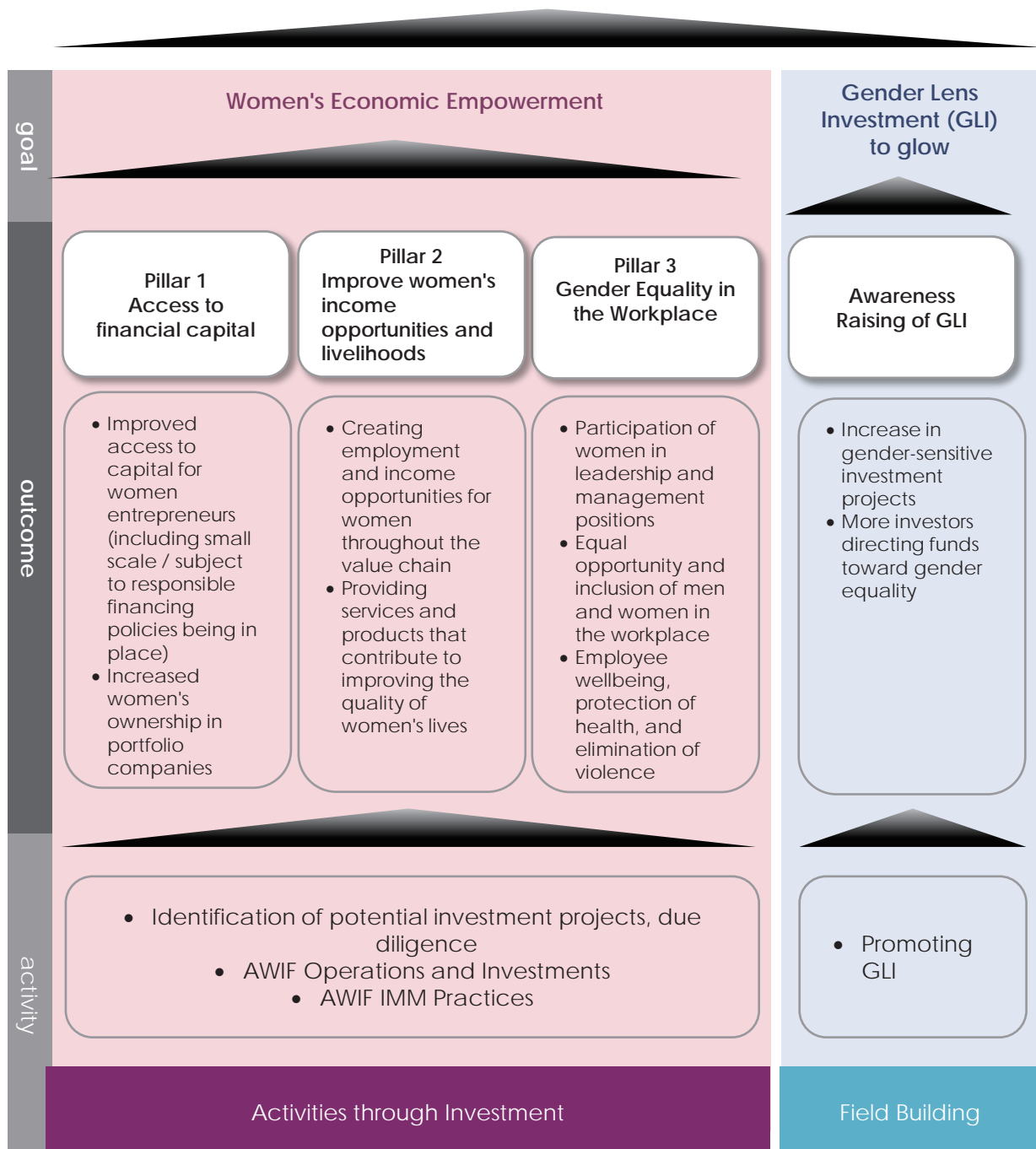
- External impact reporting is not required for those organizations that manage their own resources. However, some organizations chose to write its impact report with an intrinsic motivation to genuinely want to know how effectively their investments are materializing their intention. Some organizations intentionally write their impact reports with knowledge-sharing and field-building in mind, by demonstrating their bespoke IMM methodologies, tools and frameworks.
- Not many organizations utilize a third-party verification to double check the soundness and authenticity of the impact reported in their impact report.

**IMM at the portfolio level is a "work in progress"**

- It is challenging to set KPIs at the portfolio level across several target impact pillars when a fund/vehicle has broader impact theme. When it is challenging to set common indicators, the impact information cannot be fully aggregated and shown in a coherent and comprehensive manner. In these cases, creating stories on each investment with a specific impact pillar individually is a more effective communication approach.
- Many IMM tools reviewed are designed to be compatible with common analytical concepts and frameworks for impact such as the IMP 5 dimensions, the ABC classification, IRIS+ and the SDGs Impact. It means that a level of standardization in impact reporting is on its way.
- Other IMM initiatives were found in a variety of methodologies, most of which at the trial stage. Those include NPC's impact risk classification, impact capital efficiency, and bespoke impact scorecards.

# AWIF Theory of Change

AWIF envisions a future where all women in Asia are empowered to reach their full potential. AWIF seeks to optimize both the financial returns and social impact outcomes of empowering women and improving gender equity in Asia through investment. AWIF believes that economic empowerment is an integral part of empowering women. The original Theory of Change was slightly refined in the IMM process.



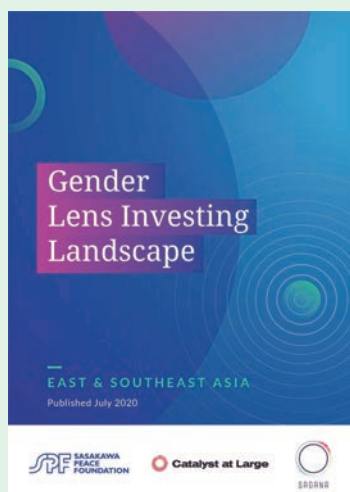


# Snapshots of Field Building Work

We believe that field-building activities go hand in hand with our investment activities, in order to inspire more investors to apply a gender lens and to mobilize more resources for women and girls. To this end, we have made some research publications, spoke in seminars, webinars, events and also organized GLI fellowship program in 2021 and 2022 for targeted investors. Here are some examples of our research publications.

## The First GLI Market Overview across Asia

(2019-2020)



<https://www.spf.org/en/gender/publications/gliasialandscape.html>

To spark interest and attract more capital into Gender Lens Investment (GLI), AWIF published a report "Gender Lens Investing Landscape -East and Southeast Asia", together with renowned market builders; Catalyst at Large and Sagana. The report includes 33 GLI vehicles, diving into private markets covering venture capital, private equity and private debt funds, and public markets (both public equity and fixed income funds).

Through publication of this report as well as organizing various workshops focusing on the findings from this report, the AWIF provided a baseline to track the size and state of the market over time, knowledge about how to apply a gender lens to investments in a East and Southeast Asia context and an opportunity to learn from practitioners at the forefront of GLI integration.

## Gender Data to Lead Impact

(2019, 2022)

AWIF also collaborated with Equileap, the leading provider of gender equality data & insights globally, to publish a report on gender equality at work in 2019 and 2022. The report covered listed companies in Asia that have a market capitalization of USD 2 billion or greater, or is listed on a major index in Asia-Pacific markets. The companies were then assessed by Equileap's 19 gender equality criteria, including gender balance from the board to the workforce, as well as the gender pay gap and policies relating to parental leave and sexual harassment, among other topics and ranked according to their gender equality scores.

AWIF shared the reports at global conferences such as Gender Smart Investing Summit and Asia Venture Philanthropy Network, and the reports gained high media attention. The data and scoring methodology of Equileap led creation of a new index, such as Morningstar Developed Markets (ex-Japan) Gender Diversity index, which was later employed by one of the world largest asset owners, Government Pension Investment Fund, Japan, for its passive investment of JPY 300 billion. We anticipate that such indices powered by gender data will lead to creation of funds that aim to promote gender equality and women's empowerment in the future.



AWIF Director highlighted the report in her talk at an international conference

# IMM at Portfolio Level

## Tools for AWIF IMM

### At Portfolio Level

AWIF used a combination of three tools to assess the impact of AWIF at portfolio level:

- **Five dimensions of Impact**: Impact Management Project (IMP), a Practitioner Community of over 3,000 enterprises and investors built global consensus on impact management. IMP developed and introduced this logic of Five dimensions of Impact ('What' / 'Who' / 'How much' / 'Investor's Contribution' / 'Risk'). This logic is widely used for managing impact among practitioners. After IMP was concluded in 2021 the resources migrated to Impact Frontiers.

Link: <https://impactfrontiers.org/norms/five-dimensions-of-impact/>

- **AWIF Impact Alignment Scorecard**: This tool was developed exclusively for AWIF based on the IMP's Five dimensions of Impact. The scorecard covers 4 dimensions ('What' / 'Who' / 'How much' / 'Investor's Contribution')

- **NPC's Impact Risk Classification**: This tool was developed by New Philanthropy Capital (NPC), a think tank and consultancy for the social sector, commissioned from the KL Felicitas Foundation (KLF) for their IMM. This tool looks at the IMM practice of fund managers to cover one of the five dimensions of Impact ('Risk').

Link: <https://www.thinknpc.org/resource-hub/assessing-the-impact-practices-of-impact-investments/#:~:text=The%20NPC's%20Impact%20Risk%20Classification,some%20degree%20of%20impact%20focus.>

### At Each Investment level

Each Fund Manager has developed their own IMM tools and IMM outputs are informed to investors through periodical reports. For AWIF IMM purposes, AWIF tried to understand the structure of their intended impact using IRIS+ Catalog of Metrics.

- **IRIS+ Catalog of Metrics**: GIIN (Global Impact Investing Network) created this impact metrics. The impact metrics catalogue is one of the most widely accepted tools by impact investors to be utilized to measure and manage the impact of their investments. Respective metrics were extracted for each AWIF investment through consultation with the respective Fund Manager.

Link: <https://iris.thegiin.org/metrics/>

# AWIF IMM explained by Five dimensions of Impact

AWIF defined each dimension based on the AWIF's Theory of Change. AWIF Impact Alignment Scorecard, shown in the next page, was developed based on four out of five dimensions of impact ('What' / 'Who' / 'How much' / 'Investor's Contribution') by IMP, and NPC's Impact Risk Classification covers 'risk' dimension, in order to consider the relative "underserved" state of gender equality and economic empowerment of women in countries that AWIF invests in, scale, track record and efficiency of impact as a feedback mechanism to track effectiveness of each investment.

## WHAT

- Degree of Alignment with AWIF Impact Pillars 1 to 3 and robustness of impact plan based on review of Fund's impact thesis and framework
- Progress of targeted countries by the fund in SDG 5 - (<https://dashboards.sdgindex.org/rankings>)

## HOW MUCH

- [Scale] No. of direct jobs created or supported
- [Depth] Assessment of evidence base, track record, and beneficiary input on expected degree of life transformation
- [Efficiency] Efficiency of generating impact per \$1M invested

## RISK

- Risks to Principles, Purpose, Outputs, Change or Outcomes, Impact

## WHO

- Target beneficiary group
- Progress of targeted countries by the Fund in Women Economic Participation and Opportunity, based on latest version of the Global Gender Gap Report which is updated annually.

## CONTRIBUTION

- Ability for AWIF to directly add value via broader gender investment and Innovation Program to enhance impact or build GLI ecosystem

# AWIF Impact Alignment Scorecard & Metrics

AWIF uses this scorecard & metrics to ensure the degree of alignment and ability for AWIF to further add value are seen as more critical aspects to manage mission drift.

Score	What		Who	
	Impact Outcomes the Fund is contributing to	How important the outcome is to stakeholders	Stakeholders experiencing the outcome	Degree of lag relative to other countries
	Degree of Alignment with AWIF Impact Pillars 1 to 3 and robustness of impact plan based on review of Fund's impact thesis and framework	Progress of targeted countries by the Fund in SDG 5 - ( <a href="https://dashboards.sdgindex.org/rankings">https://dashboards.sdgindex.org/rankings</a> )	Target beneficiary group	Progress of targeted countries by the Fund in Women Economic Participation and Opportunity, based on the Global Gender Gap Report 2021
1	Fund primarily focusing on ESG risks and has a general qualitative intent to contribute to gender lens.	Other results or No SDG mapping	No gender disaggregated data or targeting <30% women	Other results or no estimates available
2	Fund has an impact thesis that aligns with at least 1 AWIF impact pillars and tracks key metrics accordingly, aligns with SDG 5 & 8, but does not have impact goals and comprehensive IMM system.	20-40% of portfolio targeting SDG 5 goals in countries that are lagging, stagnating and not on track to attain goal	Targeting 30-50% women but does not consider degree of underserved	20-40% of portfolio targets countries in bottom 50 percentile countries in Global Gender Gap Report
3	Fund has an impact thesis that aligns with at least 1 AWIF impact pillars and tracks key metrics accordingly, aligns with SDG 5 & 8, and has SMART impact goals and comprehensive IMM system.	40-60% of portfolio targeting SDG 5 goals in countries that are lagging or stagnating and not on track to attain goal	Targeting >50% women and considers reaching underserved women, able to present some baseline data/ approach	40-60% of portfolio targets countries in bottom 50 percentile countries in Global Gender Gap report
4	Fund has an impact thesis that aligns with all AWIF impact pillars and tracks key metrics accordingly, aligns with SDG 5 & 8, and has SMART impact goals and comprehensive IMM system.	>60% of portfolio targeting SDG 5 goals in countries that are lagging, facing significant challenges and not on track to attain goal	Targeting >50% women and highly prioritises reaching underserved women, e.g. living below poverty line, marginalised, with clear baseline data/ approach	>60% of portfolio targets countries in bottom 50 percentile countries in Global Gender Gap report
Weight	5	2.5	2.5	2.5
Score Available	20	10	10	10



Score	How Much			Investor Contribution
	Scale	Depth	Efficiency	Investor additionality to Fund's impact or GLI ecosystem vs. counterfactual
	No. of direct jobs created or supported (pro-rated)	Assessment of evidence base, track record, and beneficiary input on expected degree of life transformation	Efficiency of generating impact per \$1M invested	Ability for AWIF to directly add value via broader Gender Investment and Innovation Program to enhance impact or build GLI ecosystem
1	<200 direct jobs created / supported across value chain	Impact thesis lacks any evidence base, outcome/impact track record, beneficiary inputs	<200 direct jobs created / supported across value chain	AWIF has limited investor additionality beyond the investment meeting AWIF investment criteria
2	201-500 direct jobs created / supported across value chain	Impact thesis has either some evidence base, outcome/impact track record or beneficiary inputs demonstrating some degree of life transformation	201-500 direct jobs created / supported across value chain	AWIF can signal that impact matters
3	501-2000 direct jobs created/supported across value chain	Impact thesis has 2 elements - Strong evidence base, Outcome/impact track record or Beneficiary inputs proving a degree of life transformation	501-1000 direct jobs created/supported across value chain	AWIF can signal that impact matters and can engage actively with Fund or end investees.
4	>2000 direct jobs created/supported across value chain	Impact thesis has all 3 elements - Strong evidence base, Outcome/impact track record or Beneficiary inputs proving a degree of life transformation	>2000 direct jobs created/supported across value chain	AWIF can signal that impact matters, engage actively with Fund or end investees and grow new or undersupplied capital markets, ie. seen as a catalytic investor
Weight	2.5	2.5	2.5	5
Score Available	10	10	10	20

## NPC Impact Risk Classification & Criteria

In terms of assessing the impact risk of the fund / investee, the NPC Impact Risk Classification framework is very useful as that allows AWIF to evaluate a broad range of fund managers across different asset classes.

The scoring outcome classifies a Fund's progress in generating impact in 4 different stages depending on its final score (see next page):

Score	Principles	Purpose
	Evidence that impact is integral to the fund and its managers and drives decision-making	Evidence of an impact thesis/theory of change or logic model, and understanding of how it will generate impact, and for whom
0	Fund's intentions not directly related to creating social/ environmental impact. Shows no awareness of impact, success factors not dependent on generating impact.	No clear mission/theory of change. Investing in orgs with no awareness/understanding of what effect, for whom. Examples: ESG risk mitigation, defensively screened investments
1	Fund's intentions have some overlap with impact goals. Demonstrates awareness of impact but business success factors not dependent on generating impact.	Vague mission. Investing in orgs with some understanding of what effect, for whom, but business activity not designed to address need. Trying to prevent negative social or environmental effects. Examples: move from defensive screening to actively integrating ESG factors into investment decisions.
2	Fund's intentions reflect impact goals. Business success factors depend on generating impact.	Mission statement. Investing in orgs with better understanding of what effect, for whom. Examples: investing in orgs where some of the business provides goods/services with intentional social/environmental impact. Divest/invest strategy.
3	Fund's intentions in lock-step with impact goals. Impact drives business decisions. A learning organization and/or leading good practice. GIIRS rating or similar. Impact ethos reflected in mission lock or B Corp certification.	Clear mission statement/theory of change. Investing in orgs with good understanding of what effect, for whom. Examples: Investing in orgs where most or all of the business provides goods/services with intentional social/environmental impact.

Score	Outputs	Change or Outcomes	Impact
	Evidence that the fund collates and reports data from investees that demonstrates the depth and scale of their delivery	Evidence that the fund collates and reports data from investees on the changes generated by activities - can include evidence of likelihood that outcomes flow from activities	Evidence that the fund's activity creates additional effect beyond what would have happened anyway
0	No output data for target population.	No outcome data or data showing change for target population.	Not considered. Investment small-scale.
1	Limited output data that only partially demonstrates impact, reported in an ad hoc format. No context or trend analysis. Output data that is out of date. Examples of output data: characteristics of users, how many people engaged/ how often. ESG performance comparisons.	Limited outcome data or case studies demonstrating positive effect on people/planet. Examples of outcomes data: feedback on goods/services, changes in income, behavior, knowledge etc. due to goods/services.	Some discussion/demonstration of additionality of the goods or service over what would have happened anyway. Scale of investment suggests it is additional, attracting new capital. Examples: products or services addressing a market failure suggest delivery of outcomes.
2	Some output data (at least 2-3 key metrics) related to the quantity and quality of effect. Consistent format for year on year (y/y) comparison. Reasonably up to date (within the last 24 months). Some analysis of data in context, ie, against targets, y/y trend analysis, against benchmarks.	Some outcome data and case studies demonstrating positive effect on people/planet of the business. Starting to track duration of effect and any unintended consequences. Beginning to assemble the evidence base for the causal links.	Developing approach for understanding how the effect relates to what is likely to occur anyway, by benchmarking or reference to context in output/ outcome data analysis. Examples: restoration or conservation projects; growing new or undersupplied markets.
3	A range of output data (3 or more key metrics, over at least 2 years if applicable) that clearly demonstrates quality and quantity of effect. Up to date (within last 12 months). Data in context, ie, against targets, y/y trend analysis, against benchmarks.	Outcome data demonstrating the size and duration of positive effect on people/planet of the business. High quality case studies that support this. Tracking unintended consequences. An evidence base for the causal links between business activity and outcomes.	Robust tools for understanding how the effect relates to what is likely to occur anyway. Examples include: development of counterfactual, using control or comparison group to measure what activity might have happened otherwise.

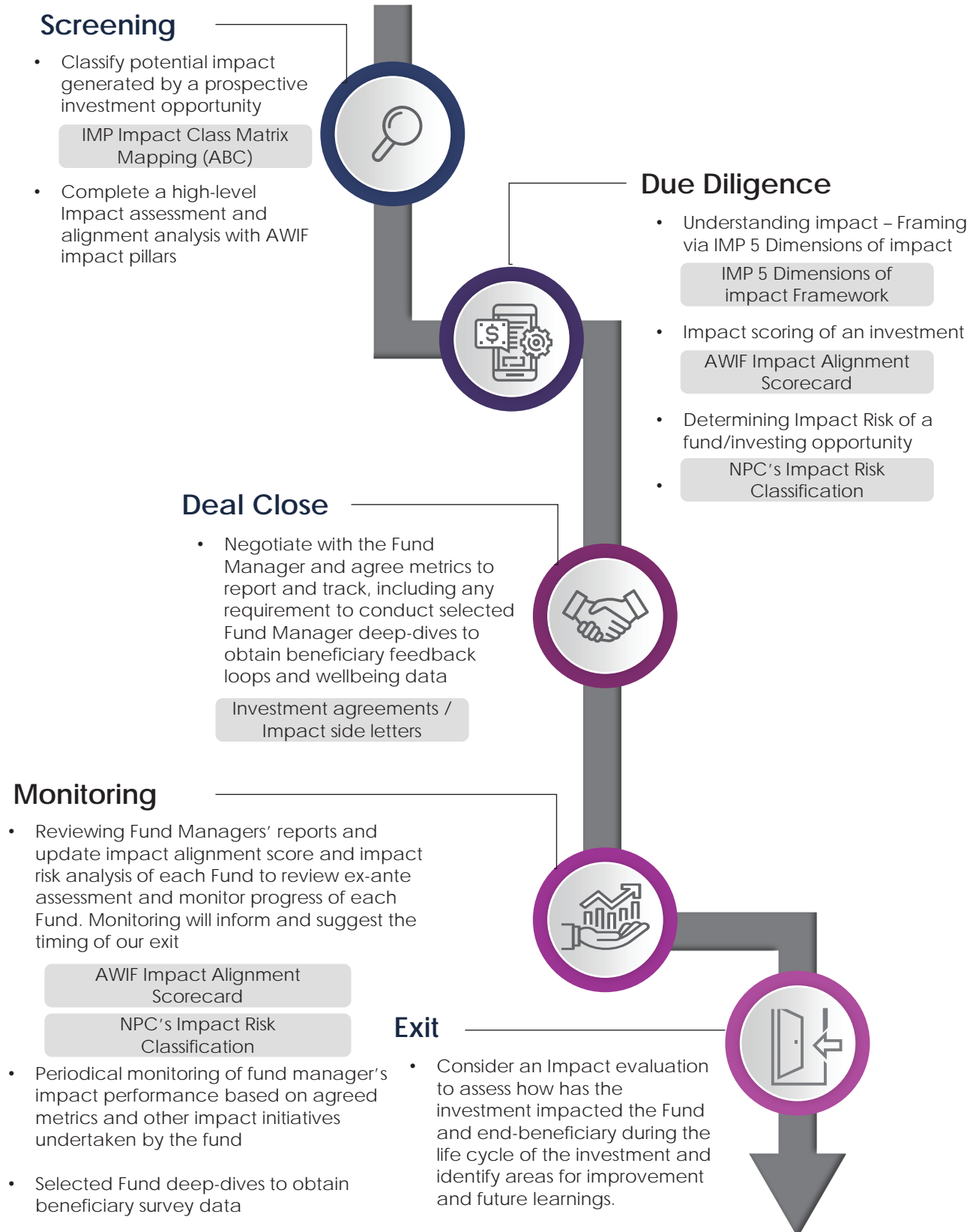
Stage 1 (0-6 points)	Strong impact principles and purpose, limited or not track record yet
Stage 2 (7-9 points)	Strong impact principles and purpose, limited impact quality data, does not track potential unintended consequences
Stage 3 (10-12 points)	Strong impact principles and purpose, reports quantitative outputs and demonstrate high quality impact, building evidence base
Stage 4 (13-15 points)	Strong impact principles and purpose, reports quantitative outputs and demonstrate high quality impact, has strong evidence base and deemed highly catalytic

# IMM at Portfolio Level

## Flow to Assess, Manage and Measure Impact

The figures below shows how IMM is applied throughout AWIF investment process. Please note that the chart only accounts for impact considerations within the investment process and not the financial return.

Methodology / Tools





# Impact Review of Each Investment Three case studies

## Impact Review of Each Investment – an Introduction

This part of report, primarily intended for internal use for AWIF, presents a detailed review of existing AWIF investment and how their Fund's IMM align with AWIF's impact goals and metrics. We also aim to send signals to our Fund Managers that impact matters to us, and we are interested in their impact creation, by asking the Fund Managers to report and review their impact to AWIF.

Brightlight, engaged by AWIF, conducted a deeper dive into three AWIF Fund Managers, namely: Beacon Fund, Japan ASEAN Women Empowerment Fund (JAWEF), and Women's World Banking (WWB) Capital Partner's II Fund using the methodology outlined below. Our first investment, BlueOrchard Microfinance Fund (BOMF) was excluded from this review as the size of AWIF's investment was impactfully insignificant to the total fund size of BOMF.

### **The key objectives** of the impact review presented in this report

1. Understand the key elements of each Fund's Impact Management and Measurement approach and how it aligns with AWIFs impact goals.
2. Review impact metrics, cadence and impact reporting of each Fund and compare how this aligns with AWIFs intended impact reporting metrics. Consolidate any self-reported impact data available.
3. Collect Fund case studies that AWIF can showcase as part of their annual reporting.
4. Present recommendations to the Funds on areas for potential improvement
5. Review Fund Managers' impact performance and determine if any changes have been observed and make recommendations for how the score could be improved.
6. Gain Fund Managers' perspectives on AWIF's investor contribution.

## Methodology

### **1. Desktop review**

- All the documents were provided to BL by AWIF as well as respective Fund Managers including Impact reports, impact thesis, tools, case studies, investment reports, and fund materials.

### **2. Direct Fund Manager engagement**

- AWIF and BL agreed on key informants for the individual interview, developed a set of standard interview questions and jointly conducted in-depth interviews (1-hour) with each of the three Fund Managers on their IMM approach.
- BL followed up with the interviewees after the interviews, for clarification and additional documentations cited during the interviews for review.
- BL also conducted online surveys for our Fund Managers on AWIF's investor contribution. A brief anonymous four-question survey was sent online to the Fund Managers to determine AWIF's investor's contribution.

# Impact Metrics

AWIF set up impact metrics, against which all fund managers are expected to collect data for the fund and underlying investees. Not all the funds can fill in all the data indicated below. By now, all fund managers agreed to collect selective data against criteria set below that are most relevant to their respective fund objective.

Fund managers to fill in

			IRIS+	Fund	Investee
A. Ownership					
Board of Directors: Female	No. of female members of the organisations Board of Directors or other governing body, as of the end of the reporting period	OI8118			
% Female Ownership	% of the company that is female owned as of the end of the reporting period	OI2840			
Founders: Female	No. of the organization’s founders who are female and retain an active role in the company as of the end of the reporting period	OI8197			
B: Social Policy					
Anti-discrimination	Specific, written anti-discrimination policy in place for its employees and a system to monitor compliance of this policy.	OI9331			
Diverse representation	Written policy on diverse representation and a system to monitor compliance with this policy	OI9485			
Fair hiring/recruiting	Written policy to recruit employees equally, irrespective of gender, race, color, disability, political opinion, sexual orientation, age, religion, or social or ethnic origin.	OI1150			
Fair Career advancement	Written policy to support progression/promotion of employees equally irrespective of gender, race, color, disability, political opinion, sexual orientation, age, religion, or social or ethnic origin.	OI4884			
Fair compensation	Written policy to compensate employees fairly and equitably and a system to monitor compliance with this policy.	OI3819			
Fair dismissal	Written policy and practice of ensuring fair dismissal of employees and a system to monitor compliance with this policy.	OI9478			
Sexual harassment	Written policy to combat sexual harassment in line with internationally-recognized standards.	OI9088			
Women’s career advancement Initiative	Initiative in place to advance women in their workforce.	OD4232			
C. Employees					
FTE: Female	No. of full-time female employees	OI6213			
FTE: Female Managers	No. of full-time female management employees	OI1571			
Part-time employees: Female	No. of female part-time employees.	OI8838			
Full-time Wage: Female	Value of wages (including bonuses and excluding benefits) paid to all female full-time employees of the organization during the reporting period.	OI8941			
Full-time Wage: Female Management	Value of wages (including bonuses, excluding benefits) paid to all full-time female management employees (managers) of the organization during the reporting period.	OI5247			
Part-time: Female	Value of wages (including bonuses, excluding benefits) paid to all female part-time employees of the organization	OI8725			
Employees promoted: Female	Number of employees who are female and who were promoted from within the organization	OI8646			
Gender Ratio of Promotions	Ratio of the number of female employees promoted from within the organization compared to the number of non-female employees promoted from within the organization	PI9467			
Gender Wage Equity	Ratio of the average wage paid during the reporting period to female employees of the organization for a specified position, compared to the average wage paid to male employees of the organization for the same position.	OI1855			

Fund managers to fill in

Impact Metrics (Cont.)			IRIS+	Fund	Investee
➤ D. Suppliers					
Supplier Individuals: Female	Number of female individuals who sold goods or services to the organization during reporting period.	PI1728			
Payment to Supplier Individuals: Female	Value of payments made by the organization to female individuals who sold goods or services to the organization during the reporting period.	PI2302			
➤ E. Clients (Only Fin Serv)					
Client Individuals: Female	No. of unique women who were clients of the organization	PI8330			
Client Individuals: Smallholder	No. of unique smallholder farmer individuals who were clients	PI6372			
Client Individuals: Forcibly Displaced	No. of unique individuals who were forcibly displaced and were clients of the organization	PI5297			
Average loan size disbursed	Average loan size disbursed by the organizations	PI5160			

# Japan ASEAN Women Empowerment Fund (JAWEF)

Japan ASEAN Women Empowerment Fund (JAWEF) is a microfinance fund that provides loans to microfinance institutions (MFIs) that serve female entrepreneurs in the ASEAN region and beyond. Launched by BlueOrchard in 2016, with support from the Japanese government, JAWEF is a three-tiered fund that leverages first-loss and mezzanine tranches to mobilize institutional investors in the senior tranche. JAWEF targets financial institutions that mainly serve women entrepreneurs located in rural areas who lack access to traditional finance.

## Rationale / Problem statement

Still today women are not given equal opportunities and, in some countries, they remain excluded from the workforce and entrepreneurship. Empowering women economically and socially is proven to lead to:

- Stronger economies
- Better achievement of internationally set goals for development
- as well as sustainability
- Improvement of quality of life not only for women, but entire families, communities and ultimately society at large

ASEAN Member States have reduced poverty rates in the past decades, but in the region women are still more likely than men to live in poverty. 58% of ASEAN women still earn less than their partners.

Women with children appear to be worse off: child care responsibilities may prevent some women from being employed or working full time shifts, and maternity cash benefits are received only by 33% of women across the region. Closing the credit gap can ensure economic prosperity for the whole region.

"Source: JAWEF, as of 28 July 2021"



# IMM Review

## 1

### Impact Thesis

JAWEF's theory of change hinges on the empowerment of women to participate fully across all sectors as essential to: 1. building stronger economies, 2. improving quality of life for families and communities, and 3. achieving the Sustainable Development Goals (SDGs).

Its target borrowers are MFIs whose borrowers are majority:

- a. female (60% of clients or more)
- b. and/or MFIs that have a product for women or clear intention to develop one

JAWEF has an interest in supporting investees with gender training, designing new and adapting existing products to better suit women and improving marketing campaigns to reach more women with needed services.

#### Implication for AWIF IMM Framework

JAWEF is a fund of empowering women and is a three-tiered fund that leverages first-loss and mezzanine tranches to mobilize institutional investors in the senior tranche.

Investing in underserved markets to close the gender gap is strongly in line with AWIF goals.

The Fund's impact thesis specifically aligns with AWIF's impact pillars around:

Pillar 1: Access to financial capital

Pillar 2: Improve women's income opportunities and livelihoods

## 2

### Impact Goals / SDGs

The Fund aims to measure the following metrics to track progress towards their impact goals:

- a. # of micro-entrepreneurs reached by MFI
- b. % of micro-entrepreneurs who are women
- c. % of MFIs offering non-financial services (i.e. training/financial education/ client protection services)
- d. % of outstanding loans granted to women for business purposes
- e. #and % of women employees and board members at MFIs

#### Related SDGs



#### Implication for AWIF IMM Framework

The Fund's alignment to SDG 1, 5, 8 and 10 fully aligns with AWIF framework.

Impact goals and metrics are in line with indicators that AWIF will track for pillars 1 (access to capital) and some of pillar 2 (improved employment outcomes in particular around women in leadership and managerial positions). The fund has an estimate for # of jobs created based on # of productive loans.

The Fund will collect and report on additional indicators beyond these goals (refer to table on page 21)

## 3

## Gender Lens

The Fund will apply a gender lens throughout the investment process. JAWEF's impact scorecard is structured around the Impact Management Project 5 dimensions, applying a gender lens across various dimensions (What, How much, Who). For example, as part of JAWEF's impact assessment the impact intent, impact KPIs related to female beneficiaries (if the impact intent of the loan is targeting responsible financial services for women), as well as the client base being reached by the loan disaggregated by gender inform the overall impact score. Moreover, the ESG assessment contains an analysis of an MFI's employee and board composition and financial and non-financial products and services being offered that target women among other criteria.

JAWEF do not have a formalized gender action plan in place per investee. JAWEF focus more broadly on supporting investment into women micro-entrepreneurs and MFIs that have financial products for women.

## Implication for AWIF IMM Framework

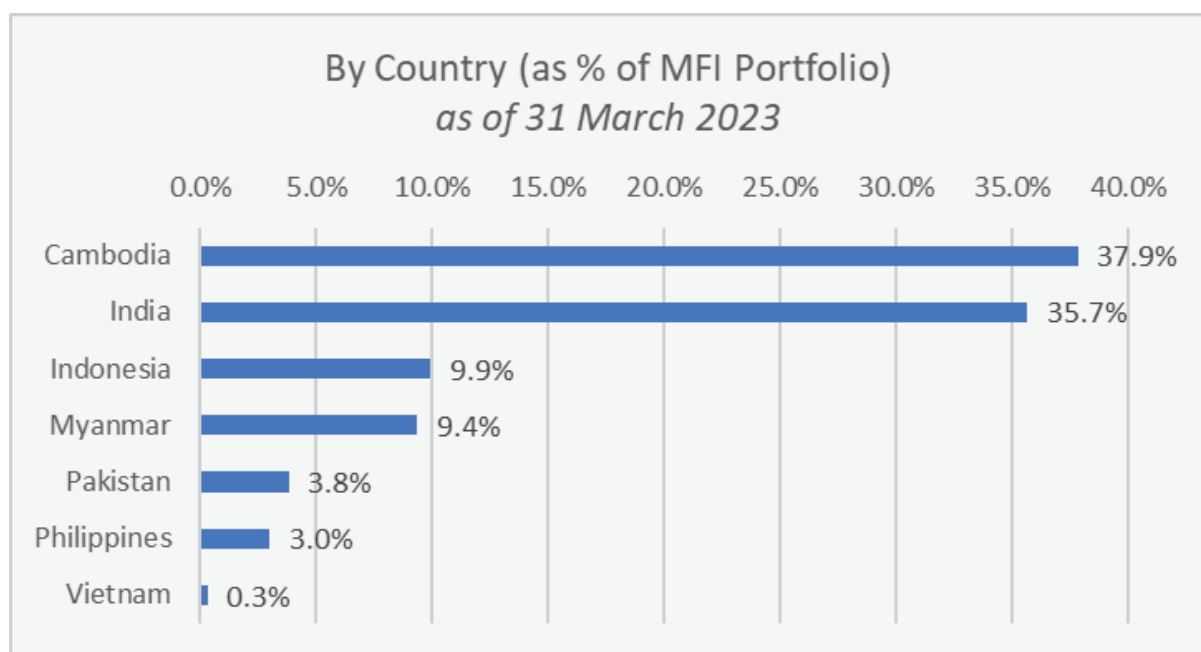
Gender lens investing is core to the JAWEFs IMM, which aligns strongly with AWIFs goals. Further JAWEF are 2X\* aligned (a commitment to invest in women entrepreneurs, leaders, employees, consumers and financial intermediaries).

\*The 2X Challenge was launched at the G7 Summit 2018 as a bold commitment to inspire DFIs/IFIs and the broader private sector to invest in the world's women. They created a powerful gender-smart investment and impact assessment framework called "2X criteria" which is used as the global industry standard for gender lens investing

## 4

## Key Target Countries

India (>30%), Cambodia (>30%), Indonesia, Myanmar, Pakistan, Philippines, Vietnam (data from JAWEF as of March 31 2023).



## Implication for AWIF IMM Framework

All of these countries are within AWIFs target geography.

## 5

## Target Beneficiaries

Its target borrowers are ASEAN MFIs whose borrowers are majority:

- female (60% of clients or more)
- and/or MFIs that have a product for women or clear intention to develop one

Currently more than 91% of the clients are women (as at Q4 report, 2022)

## Implication for AWIF IMM Framework

Targeting women micro-entrepreneurs in ASEAN is in line with AWIF's mission to catalyse capital to improve the lives of women and remove gender-based barriers in Asia.

## 6

## Impact Metrics Tracked and Reported

Refer to the table in the following page for full list of metrics.

JAWEF outlines KPIs per investee during due diligence and track metrics outlined in the Impact Goals section across their portfolio.

## Implication for AWIF IMM Framework

JAWEF is able to report on the majority of the AWIF metrics at Fund level and investee level. For pillar 2 JAWEF tracks the end usage of each loan and estimate the number of jobs created based on IFC data per country.

SDG reporting is now available on their website with contributions per fund and more in-depth snapshots are available in their quarterly reporting. More detailed assessments are forthcoming in alignment with the Sustainable Finance Disclosure Regulation requirements.

### Microfinance Institute in Cambodia

Prasac Microfinance Institution Plc is a leading microfinance institution in Cambodia. Prasac is among the top 10 financial institutions in the country. It offers easily accessible loans for farmers, as well as medium loans for MSMEs. In addition, Prasac offers deposit, saving, payment and transfer services for rural and urban households and enterprises.

As of 31 December 2022 Prasac reached over 500k clients out of which around 78% were female, while the majority came from rural areas. Prasac is putting solid efforts in digitalizing its relevant processes, including the upgrade to the latest release of the Oracle FLEXCUBE core banking system, upgrade of mobile banking application and piloting the digital Loan Origination System (LOS) with rollout of tablets to Loan Officers.



### Microfinance Institute in Indonesia



PT Mitra Bisnis Keluarga Ventura (MBK) is a microfinance institution which launched its operations in 2003. MBK focuses on low-income women primarily in rural and semi-urban areas. Until end of October 2021, MBK reached over 1.2 million clients, of which 100% are female and 75% are living below the national poverty line.

MBK's main products are microfinance loans of approximately USD 100-300. However, the institution actively tries to design other products to meet its clients needs, for instance emergency loans offered at 0.0% interest rate.

MBK overall displays high awareness of client protection with, for instance, mandatory training on financial education before taking a loan.

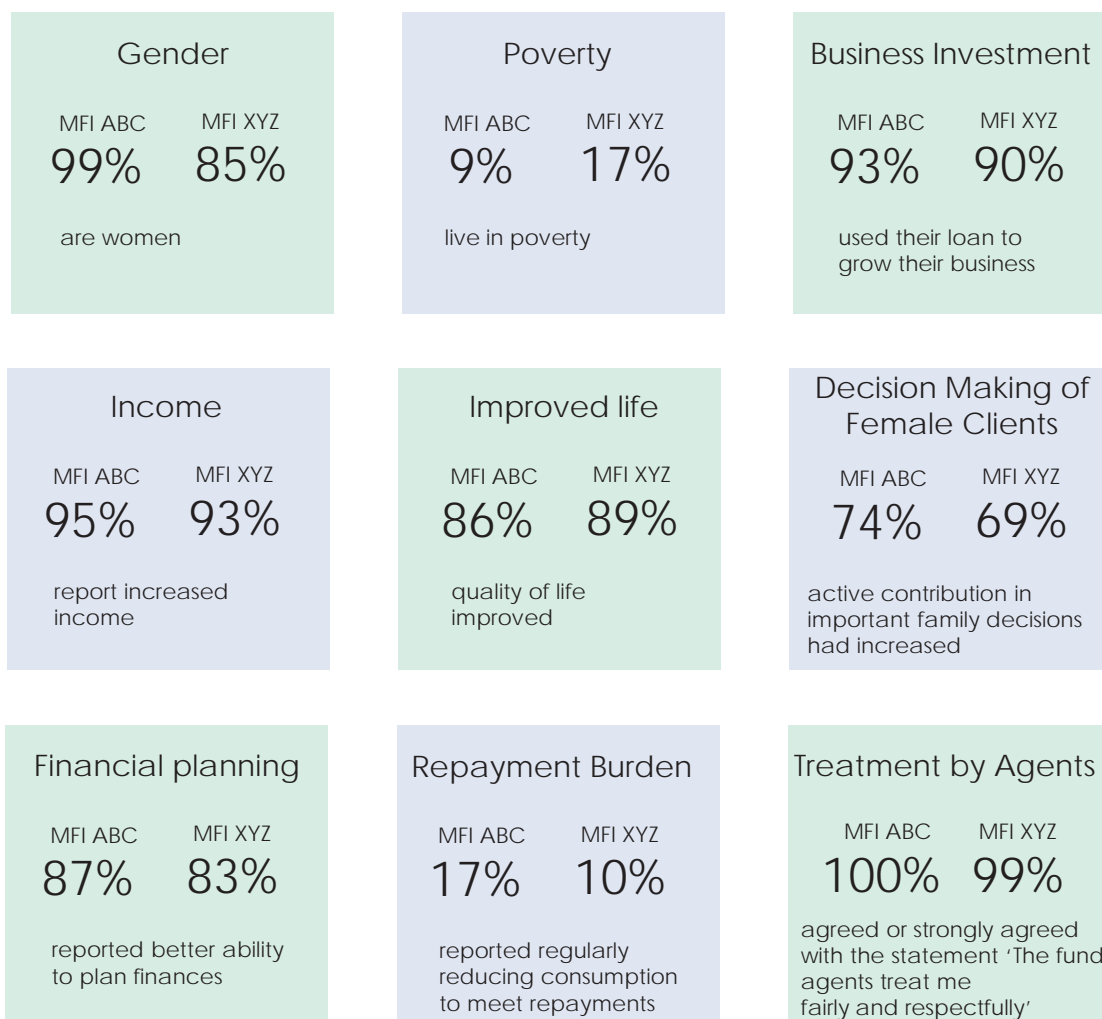
Need for microfinance initiatives in the country is high, with still 51% of Indonesian's being excluded from the financial system, according to the World Bank.

## End beneficiary Survey commissioned by AWIF

In 2020, AWIF commissioned an end beneficiary survey of two JAWEF investees in Myanmar (MFI ABD\* and MFI XYZ\*) to 60 Decibels, an impact measurement company created 'Lean Data' to be a global standard for impact measurement. The snapshots of the survey outputs are shown below:

MFI ABC: n=299

MFI XYZ: n=300



\*The name of the MFI organization is kept anonymous in the text

## Comments from the clients on the improvement of Life

### MFI ABC

- "Before I always worried about tomorrow and lend from others for food. Now I can work my business peacefully."
- "Before I was a casual labor and now I have improved business."
- "Before I had to take loan with high interest rate and now I don't need to take loan from money lender with high interest rate."
- "I can support my son who attend in university and he is nearly graduate."
- "I renovate my house roofing and fenced my compound."
- "I renovated my house and now I have 5 pigs as a saving"
- "Improve health care and reduce worries for health"

### MFI XYZ

- "I bought TV, solar panel and inverter."
- "I can spend more money for household consumption and I used some saving money for my mother's health treatment"
- "I can spend more money and I dig the well in my compound."
- "I bought 3 buffalo for my farm"
- "I could spend more money on my children's education and school fees."
- "I don't need to sell my gold for my cultivation."
- "I can save some money and repaired the car's engine"
- "I bought 2 cows for my farm and can spend more in household consumption"



## Beacon Fund (BF)



Beacon Fund (BF) invests in women entrepreneurs, especially as a First Institutional Investor. BF provides appropriate and flexible capital (predominantly debt and venture debt) to the “missing middle” of women-owned/women-led SMEs in Southeast Asia. An intended outcome is for portfolio companies to build a credit history to access conventional finance.

### **Rationale / Problem statement**

Entrepreneurs face the problem of accessing conventional finance as described below.

Financing options in BF markets are concentrated predominantly in one format: venture capital and private equity. Moderate growth companies are not a good fit to access this type of capital.

Further, women entrepreneurs do not fit the ‘typical’ founder profile that most other funds are looking for i.e. overseas work or study experience, work experience at Multinational Companies, strong English skills, nor are they based in a major city.

Local banks require significant collateral, have strict disbursement requirements and inflexible terms, making it difficult for entrepreneurs without real estate or cash deposits to use as collateral, to access this type of financing.

# IMM Review

## 1

### Impact Thesis

The fund's target outcomes for gender lens investing are:

- Demonstrate alternative models of entrepreneurial success of women-led and women-owned businesses
- Validate a proof-of-concept for new approaches and fund structures beyond traditional PE/VC
- Support investees to build a credit history to undertake loans from traditional finance options post Beacon Fund investment

#### Implication for AWIF IMM Framework

The Fund's purpose aligns with AWIF goal of unlocking access to capital for underserved women entrepreneurs. They are pioneering in their approach to grow new and undersupplied capital markets for women, in line with AWIF goals.

The Fund's impact thesis specifically aligns with AWIF's impact pillars around:

- Pillar 1: Access to financial capital
- Pillar 2: Improve women's income opportunities and livelihoods

BF also seeks to promote gender lens investing through publishing thought pieces and speaking at investment events which complements AWIF's field-building mission.

## 2

### Impact Goals / SDGs

The Fund aims to measure the following metrics to track progress towards their impact goals:

- # of women-owned / women-led businesses invested in by the fund
- # of women directly impacted through the fund's portfolio companies
- amount of capital deployed in women-owned / women-led businesses – by the Beacon Fund as well as co-investors and follow-on investors
- customer satisfaction and advocacy of the entrepreneurs with whom Beacon interacts (net promoter score)
- ratio and # of female managers
- ratio and # of female staff
- ratio and # of female board members
- % of investees who have gone on to raise capital from other financial providers and \$ raised

#### Related SDGs



#### Implication for AWIF IMM Framework

The Fund's alignment to SDG 5, 8 and 10 fully aligns with AWIF framework. Impact goals and metrics are in line with indicators that AWIF will track for pillars 1 (access to capital) and 2 (improved employment outcomes). The Fund will collect and report on additional indicators beyond these goals.

### 3

#### Gender Lens

The Fund will apply a gender lens throughout the investment process and in the Fund's internal operations. In 2017 BF worked with Criterion Institute to develop a gender analysis tool which provides a set of conversation starters. Each team member is trained to use the tool to assess each business on a case-by-case basis and report on the gender findings in investment memos.

There is no standard gender lens rating system used by BF as they wanted to steer away from tick the box exercises. BF do not have a formalized gender action plan in place per investee. They focus more broadly on supporting gender leadership. They do not obtain commitment from investee to advance certain gender goals but they make recommendations on a case-by-case basis as appropriate.

Beacon created a booklet to showcase their approach, products, investment criteria and process to attract women entrepreneurs who are otherwise often excluded from traditional finance.

#### Implication for AWIF IMM Framework

Gender lens investing is core to the BF's IMM, which aligns strongly with AWIFs goals. Further they are an investment firm that works for women and is run by women.

BF are interested to support investees to think about gender practices in a bespoke way but are grappling with how to do that in a scalable way. They currently do not support investees with formal gender action plans but rather integrate discussions about gender into ongoing portfolio management discussions.

### 4

#### Key Target Countries

Vietnam, Indonesia, Philippines

#### Implication for AWIF IMM Framework

All of these countries are within AWIFs target geography. Investments are currently only taking place in Vietnam and will continue with this single country focus for 12 months or so. They expect to reach all three countries in the ramp up during the next three years.

## 5

## Target Beneficiaries

Beacon's intended beneficiaries are women-owned businesses, and women and girls as consumers, employees, and suppliers in Southeast Asia.

## Implication for AWIF IMM Framework

Targeting women-owned businesses, and women and girls as consumers, employees, and suppliers in Southeast Asia is in line with AWIF's mission to mobilize capital to improve the lives of women and remove gender-based barriers in Asia. Further, Beacon are often portfolio companies' first institutional investor which indirectly point towards the additionality of funding provided by AWIF in an underfunded space.

## 6

## Impact Metrics Tracked and Reported

They aim to measure depth of impact on a case-by-case basis (ie. tracking impact on a new product focused on supporting girls in STEM). The deal team complete an impact assessment at the time of due diligence and recommend 3-5 IRIS+ metrics (which align to SDGs) for ongoing tracking focusing on monitoring the impact according to the Impact Management Project dimensions (what/who/how much).

BF collects a Net Promoter Score (NPS) survey to determine investee satisfaction with the Fund with the aim of understanding if the Fund is improving women's experience of seeking and obtaining investment. BF's commitment and passion to serve women entrepreneurs to grow their business while bringing about social impact led to set up a unique structure to incentivize and manage impact of underline investees' performance. "Impact-linked" structures, introduced early 2023 allow businesses to unlock lower interest rates or other incentives if they demonstrate their ability to create positive social impact based on a specific set of metrics within a timeframe. One company at this point enjoys this newly formed structure.

## Implication for AWIF IMM Framework

Beacon is able to report on the majority of the AWIF metrics at Fund level and can report on Pillar 1 and 2 metrics at an investee level.

The IRIS+ and SDG reporting will vary per company, and they will aim to collect gender disaggregated data where possible.

Some of the companies BF invests in have customer surveys in place focused on customer advocacy. BF is willing to share more in depth learning pending companies' permission.

BF has agreed to collaborate on a case study, but they need to position it with the potential investee. November/December 2023 is the timeline they can work towards.

## Beacon Fund's The Gender Analysis Tool

BF developed a brief and practical gender analysis tool with the support of Criterion Institute and Investing in Women. The purpose of the tool is to provide the Beacon team with guidance on questions that can inform their gender lens analysis during due diligence. The tool is not intended to be followed prescriptively from start to finish and not all questions need to be asked of each investee nor all data points collected.

The tool is grouped into three sections, namely: market, customer and company. Each section contains 6-10 guiding questions, key points to consider and suggests a variety of potential data points to collect. There is a summary of all the questions at the end of the tool and table with a list of gender international data sources available for reference.

Some sample questions include:

- Who are the decision makers along the supply chain in this sector?
- How do customer needs differ by gender?
- Who is the target customer of this company's product or service? Who is the actual user vs. buyer?
- Does the Company have a commitment to and plan for diversity across all positions?
- Does the company have the following policies? (I.e. parental/caregiver leave)

Some sample data points suggested for collection include:

- Do they have a set of assumptions, and the indicators within their business model, that demonstrate
- an understanding of the gender patterns in the region or the industry?
- Identify women's and men's felt needs around accessibility, availability, affordability and quality
- Sex-disaggregated segmented customer data to understand women's and men's spending patterns
- Industry standards on parental leave, childcare, grievance policies, etc.

The tool supports the team to consider and uncover gender patterns across different markets, supply chains, consumer behavior, norms, needs, decision-making power, growth across various sectors and other dimensions relating the various aspects of enterprise development, employee, and client relations. It highlights the importance of being aware of gender biases which can limit growth and opportunities and offers concrete examples of sectors where this has been the case. It supports staff to understand gender dimensions at an industry level, supply chain level and then drill down into the enterprise, board, employees, product, distribution channels, marketing, price point and client behavior to consider the effect on and of gender deeply for each investee. Through using the tool, Beacon, its investees and potential investees can identify and act on opportunities across different gender lenses – leadership, workforce, products and services –and in doing so enhance gender equity as well as capture business opportunities

## Investing in a company led by a woman CEO

(Vietnam)



Hoa Nang Organic is an organic agriculture company in Vietnam focused on producing organic rice. The company is certified by the Control Union in line with USDA and EU organic standards. Hoa Nang Organic works directly with farmers in the Mekong Delta, providing them with training on organic practices, helping them achieve organic certification, and paying them a 30 to 40% price premium.

Photo: Dang Thi Truong An, CEO of Hoa Nang Organic (Credit: Hoa Nang Organic)

In September 2021, BF team first met Dang Thi Truong An, the CEO of Hoa Nang Organic. Before she founded the company, An worked for another agricultural value-chain company where she became increasingly interested in improving sustainability. She convinced leadership to allow her to pilot a project focused on environmentally-friendly practices, but it was such a large company that her initiative remained a small part of what they did. So, she decided to leave and start her own agricultural business with sustainability at the forefront. This in itself was a rarity in Vietnam, and even more so for having a female CEO.

While women make up 43% of the agricultural workforce and produce the majority of food in developing countries, they hold only 14% of management positions and receive only 7% of agricultural investment.

When BF met with dozens of agricultural companies last year, about half of them were women-run. However, we found that most of the time, women had a smaller share of voice compared with their male co-founders or were relegated to the COO (rather than CEO) role, lessening their visibility in the business and limiting their impact.

Women-led businesses face significant challenges, regardless of their field. Women are often constrained by domestic and caregiving responsibilities, are less likely to have necessary collateral for bank accounts or loans, they lack the same networks, and face enormous biases and double standards when seeking investment. Women in agriculture have even higher hurdles to overcome, having to deal with the power dynamics of being “double minority” in male-dominated business and agriculture.

Moreover, traditional venture capital and private equity funds generally focus their efforts on unicorns and exponential growth companies, and ultimately leaving many promising businesses.

Earlier 2022 BF announced that Hoa Nang would be the Beacon Fund’s second-ever investment. From the beginning, BF team was impressed with An’s capabilities; despite being a rare woman CEO in sustainable agriculture, and the even more nascent organic farming sector in Vietnam, she has seen the company through a remarkable growth trajectory. BF team was struck by the company’s commitment to upholding organic standards and their commitment to gender equality under her leadership, both on their team (70% are women) and among the farmers they work with (about 50%).

Hoa Nang is a great example of how a company can consider gender in various aspects of its work—not just checking the box of female leadership. It demonstrates how a gender lens factors into all aspects of the business, from looking closely at the customer base and their preferences, to supply chains, to building talent within the company. An, for instance, is very focused on building the next generation of female leaders, giving them room to grow, expanding their skill sets, and sending them for training and English programs.

We are already seeing the fruits of this investment for Hoa Nang, beyond the dollar value. First, it gave An and her team the confidence to find alternative sources of funding, as the management team knows it has the track record and prestige to seek additional investments. It has opened conversations with additional funders, including DFIs, government support programs and other foreign capital that previously seemed out of reach. With BF’s investment, they were able to deliver a significant and growing order from a corporate client that will be crucial to the company’s continued growth and expansion into new product lines.

Perhaps most importantly, An shared that she sees the investment as a validation of Hoa Nang’s values, which has been meaningful on both a personal and professional level.



# WOMEN'S WORLD BANKING

## Capital Partners II (WWBCP II)



Women's World Banking was founded in 1979 as a global non-profit organization dedicated to empowering low-income women and the inequalities they face. Their mission is to expand the economic assets, participation, and power of low-income women and their households by helping them access financial services, knowledge, and markets. Women's World Banking partners with financial institutions, service providers, policymakers, investors, and donors to bring women-centered products, services, marketing practices, and policies to market.

For over 40 years, Women's World Banking has provided low-income women around the world with the financial tools and confidence they need to participate equally in their societies and economies.

WWB Capital Partners II (WWBCP II) makes direct minority equity or quasi-equity investments in high-performing, women-focused, inclusive financial service providers ("FSPs") worldwide including but not limited to micro-enterprise finance, small business finance, microinsurance, specialty finance, and savings, payments and remittance services. The Fund is structured as a blended finance fund, with investors in the Class B tranche offering a first loss protection to investors in the Class A tranche. The fund is a follow-on from WWB Capital Partners I which was established in 2012.

WWBCP II, together with Fund I, are the only women-focused and women-managed equity funds dedicated to financial inclusion. The Fund seeks to invest in inclusive FSPs that primarily serve women and demonstrate gender diversity within their institutions.

## Rationale / Problem statement

Across the developing world, almost one billion women lack access to formal financial products and services. Despite making strong contributions to local economies, women continue to have less access to financial resources than men. In the developing markets, a 9% gender gap in access to a simple bank account persists for women compared to men and the gap in usage of financial services is far greater. WWB Capital Partners II (WWBCP II) seeks to help close this gender gap by significantly enhancing women's access to the financial services they need to build security and prosperity.

Source: WWB Web Site <https://www.womensworldbanking.org/about-us/our-mission/>

# IMM Review

## 1

### Impact Thesis

Investing in emerging market Financial Service Providers (FSPs) that prioritize reaching and serving low-income women clients, expanding gender diversity within their staff and management teams, and utilizing innovative solutions to enhance customer reach and engagement, will provide higher returns on investment, and promote women's economic empowerment through financial inclusion.

Women represent the largest market among low-income people without access to financial services, and research demonstrates that low-income women entrepreneurs play a pivotal role in combating poverty, improving their households' income, enabling children to attend school and improving access to healthcare for the family.

Furthermore, the Fund aims to encourage a viral adoption of a proven, high-impact gender lens investing strategy throughout the broader investment community.

#### Implication for AWIF IMM Framework

The Fund's impact thesis fully aligns with AWIF's impact pillars around:

- Pillar 1: Access to financial capital
- Pillar 2: Improve women's income opportunities and livelihoods
- Pillar 3: Gender Equality in the Workplace

WWBCPII also seeks to promote high-impact gender lens investing throughout the broader investment community which is also one of AWIF's broader goals.

## 2

### Impact Goals / SDGs

The Fund aims to close the gender gap in financial inclusion. The Fund will:

- Increase the % of women clients served by every major product line that a Portfolio Company offers where women are not already at 50%
- Increase the % of women's participation in operating staff, management teams and boards of Portfolio Companies, where they are not already over 50% for staff and 35% for management teams and boards

#### Related SDGs



#### Implication for AWIF IMM Framework

The Fund's alignment to SDG 1,5 and 8 fully aligns with AWIF framework.

Impact goals and metrics are in line with indicators that AWIF will track. The Fund will collect and report on additional indicators beyond these goals.

## 3

## Gender Lens

The Fund outlines a clear gender lens approach and will report against the progress of each step:

- a. Target high-performing inclusive FSPs that are committed to serving the women's market and to gender diversity in the workplace
- b. Negotiate investment terms committing institutions to, among other things, tracking and reporting gender performance standards over the investment holding period, participating in gender assessments and gender strategy development.
- c. Conduct "Organizational Gender Assessments" and "Women's Market Strategy Assessments", collectively the "Gender Performance Study", on each Portfolio Company to identify gender gaps, biases and opportunities and recommend 3-5 year Gender Action Plans to address them and seek to provide additional technical assistance to help achieve the objectives of the Gender Action Plans.
- d. Monitor the execution of the Gender Action Plans
- e. Measure gender disaggregated performance indicators, which could also include periodic impact evaluations on a small subset of the portfolio.
- f. Report and share gender insights and best practice

## Implication for AWIF IMM Framework

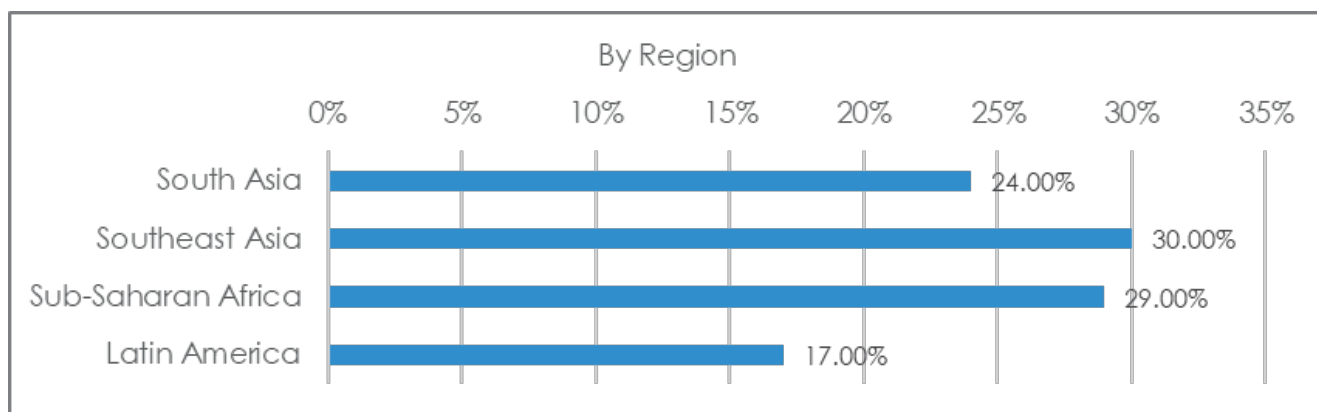
WWBCPII adopts an industry leading approach to integrating gender lens into their investment process and is a leading practitioner amongst AWIF's fund managers to date.

AWIF could partner with WWBCPII to further share some its practices to the wider gender lens investing industry to encourage other fund managers to continue to progress on their gender lens approach.

## 4

## Key Target Countries

WWBCPII still has 42% of funds to be invested and has a target allocation of 40 -50% to South and Southeast Asia (as of May 2023).



## Implication for AWIF IMM Framework

40-50% of the Fund's investment is expected to be in South and Southeast Asia which is AWIF's target geography.

## 5

**Target Beneficiaries**

Low-income women in emerging markets, women working within staff and management team of investees.

**Implication for AWIF IMM Framework**

Targeting low-income women as clients, customers or beneficiaries is in line with AWIF intentions.

## 6

**Impact Metrics Tracked and Reported**

WWBCPII also conducts selective beneficiary surveys in partnership with 60 Decibels. The team has agreed to share results of future surveys done in addition a recent survey done for BancoSol in Bolivia.

**Implication for AWIF IMM Framework**

WWBCPII is able to report on vast majority of proposed metrics by AWIF. In addition, WWBCPII also conducts beneficiary surveys which will allow AWIF to validate impact claims made by WWBCPII and/or its investees.

## WWB's Technical Assistance Program

One of the WWBCPII's strengths is to be able to provide a Technical Assistance Program (TAP) to the investee companies together with WWB, the parent NGO specialized in women's financial inclusion worldwide. Through TAP, the investee companies are supported to conduct a gender assessment and develop a Gender Action Plan. TAP may include:

- An in-depth gender assessment that analyzes how the investee is currently serving women customers and uncovers barriers to recruiting, retaining, and advancing women internally including unconscious biases that may influence human resource decisions
- A co-designed three- to five-year Gender Action Plan to set a clear vision for serving the women's market and developing an inclusive work environment and enabling policies in their institution. The Gender Action Plan will include clear and measurable key performance indicators to allow the institution to track its performance against the Gender Action Plan.
- Additional technical assistance as required to meet goals

Highlights of the Fund's technical assistance for WWBCPII's investee companies completed so far are:

### Sitara Gender Action Plan Update

Following the completion of the Sitara Gender Performance Study ("GPS") in late 2021, the leadership team at Sitara has made significant progress in implementing their GAP. In the first year of the GAP, they paid particular attention to addressing opportunity gaps in their hiring and retention practices. As a result of these efforts, the following successes were shared at a December 2022 board meeting:

- Most business functions have seen an increase in Women to Men ratio by more than 2-3%
- The Credit, Collections, and Information Technology teams now have Women employees on them, where previously there were none
- The Operations Team has seen a 5% increase overall in Women employees
- The first Gender sensitization training was held for 100+ employees
- Branch locations have been updated to include facilities for Women staff
- Towards ensuring the safety and security of the staff, especially female employees, Sitara has installed CCTV cameras at all branches which are monitored centrally.

### Amartha Gender Performance Study Update

The Amaritha Gender Performance Study (GPS) concluded in December 2022. The study found that Amaritha in many ways is a leader in gender-inclusive business, demonstrated by having:

- Innovative programs such as a hackathon to attract more women candidates in tech positions
- Employee wellbeing initiative of free counseling, found to be particularly helpful in supporting women during the pandemic.
- Flexible working hours and "work from anywhere" policy support employees with caring responsibilities (primarily women)
- To address staff attrition rates:
  - ✓ Restructure jobs to reduce aspects of the work which are most likely to cause turnover. For example, continue to explore the possibility of introducing a field support position that specializes in areas that will relieve stress and workload such as debt collection where first level intervention with clients prove unsuccessful
  - ✓ Pilot job sharing (i.e. pairing field personnel such that one employee covers for the other such that both can succeed in balancing their responsibilities at work and at home)
- To increase number of women customers:
  - ✓ Reconsider the presence of a male guarantor at four touch points through the loan process to make it easier for women customers to access Amaritha loans (esp. single and widowed).
  - ✓ Develop a risk-mitigation strategy for single and widowed customers to grow Amaritha's customer base

# Investor Contribution Third-party survey and interviews

## Investor Contribution Third-party survey and interviews

In this report, we follow the interim consensus on the concept of 'investor contribution', which was documented by Impact Management Project (IMP) in 2019 through consultative process with investors and practitioners (\*).

There are 4 strategies or actions of investor contribution which can be used individually or in combination.

They are:

- **Signal that impact matters:** A commitment to factoring in the measurable impact that enterprises have, such that – if all investors did the same – it would lead to a "pricing in" of social and environmental impacts by the capital markets. Often referred to as values alignment, this strategy expresses the investor's values and is an important baseline. But alone, it is not likely to advance progress on societal issues when compared to other forms of contribution.
- **Engage actively,** using expertise and networks to improve the environmental/ societal performance of businesses. Engagement can include a wide spectrum of approaches - from dialogue with enterprises to investors taking board seats and using their own team or consultants to provide hands-on management support (as often seen in private equity). While a significant dialogue with enterprises, including about environmental, social and governance factors, is a normal part of the fund management process, the phrase "engage actively" reflects a strategy that involves, at a minimum, significant proactive efforts to improve businesses' impacts on people and the planet.
- **Grow new or undersupplied capital markets,** by anchoring or participating in new or previously overlooked opportunities. This may involve more complex or less liquid investments, or investments in which some perceive risk to be disproportionate to return.
- **Provide flexible capital,** by recognizing that certain types of enterprises do require acceptance of lower risk-adjusted financial return to generate certain kinds of impact. For example, creating a new market for previously marginalized populations can require very patient capital that cannot offer a commercial return.

Source: \*Investor contribution in public and private markets - Discussion document  
<https://impactfrontiers.org/wp-content/uploads/2022/05/Investor-Contribution-Discussion-Document.pdf>



# Key Findings of our Investor Contribution Survey

The Impact Management Project (IMP), a key body outlining best practice for impact management and measurement globally, maintains that it is important to measure investor contribution as it promotes accountability of investor commitments to social and environmental goals, transparency of their role in the investment process, and learning to improve investment strategies and processes or identify how investors could increase their impact. As part of this engagement process, Brightlight sent out a short survey questionnaire to each AWIF Fund Manager to ascertain AWIF's investor contribution from the perspective of Fund Managers.

Below are the key findings and highlights:

## Investor Contribution

AWIF's investment into each Fund has played a catalytic role in attracting additional investors into each Fund who otherwise may not have reached its target size particularly being catalytic for a new fund with limited track record.

AWIF led and funded two 60 decibel surveys for investee companies of a fund manager, committing capital to understand end beneficiary feedback to support improvements of products and services for clients.

Two Fund Managers cited that AWIF also provided access to networks to them that includes enabling expansion of potential investors capital and other resources, new partners and collaborators and learning from others who are already participating in the market.

## Comments from Fund Managers

*"Thanks to AWIF's investment, our existing investors decided in favor of the fund expansion"*

*"By being one of the first institutional investor in our fund ... as I'm sure you have seen it is difficult to find LPs who want to 'go first' and commit to a new fund, particularly if that fund has a novel strategy and may not have an extensive track record"*

*"We conducted a joint project with AWIF via a technical assistance facility of our other fund with similar strategies to conduct end clients survey with the aim to further improve our investee's product and service offering"*

## AWIF's contribution to the Gender Lens Investing field building in Asia

AWIF's contribution goes beyond mere "investor contribution" to the impact made by the portfolio funds and/or companies. It goes far to support the growth of the sectors and gender lens investing field. This section presents the summary findings from interviews held with various organizations which have either collaborated or been in contact with AWIF for field building activities for gender lens investing or gender lens investments.

AWIF brand is considered synonymous with gender lens investing both through its extensive and varied field building activities as well as through the establishment of AWIF mandate. The mandate to promote and invest with a gender lens is considered highly innovative and market leading, filling a much critical gap in the GLI market. AWIFs efforts to advance GLI in Asia are perceived as authentic and important, particularly for their ability to catalyze other investors to participate. AWIF is also valued in the GLI space in Asia as they represent an Asian voice in an otherwise western dominated space. AWIF is highly visible in the GLI space globally and their signaling around GLI and impact investing more broadly will reverberate both, in the Asian and Japanese market.

Summary of key findings are:

- AWIF are perceived as market champions in GLI within Asia and also globally. AWIF brand and influence are respected and perceived as authentic and important.  
Their commitment to gender equality shows leadership because the market is not fully moving at the same speed so they're definitely... setting that direction.
- AWIF is a standout leader amongst its peers in Japan, as a pioneer and practitioner of impact investment more broadly as well as gender lens investment.  
AWIF contributed a lot to create the impact investing movement in Japan and they have continued to influence the growth actively.
- AWIF brings a much needed and welcome Asian perspective to GLI in Asia in an otherwise Western dominated field, especially as an Asian champion for Southeast Asia.  
There's not enough focus on Southeast Asia and East Asia and that was a guiding theme for the both [SPF] ...and our organization. There is the need for more localized and contextualized gender lens investing.
- AWIFs varied field and market building activities are greatly valued.  
I read the Asian Landscape Report...and it helped us when we were building our strategy and our pipeline...so it was quite influential for us.
- AWIF are considered catalytic in their investments and SPF are perceived to have a clear role and capacity to influence the mobilization of more local capital for GLI.  
I think that they have a unique role that they play in Japan to mobilize Japanese impact investment in the gender lens space and throughout Asia. Investing early in some funds ... can make a difference to bring other investors into the sector in particular, again trying to bring some Japanese investors and I actually think that this is really the single biggest thing that they can do.

Source: Stakeholder Interview report prepared by Brightlight

# ASIA **WOMEN** IMPACT FUND

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