GENDER IMPACT INVESTING & THE RISE OF FALSE SOLUTIONS

An Analysis for Feminist Movements

awid

The Association for Women's Rights in Development (AWID) is a global, feminist, membership, movement-support organization. We support feminist, women's rights, and gender justice movements to thrive, to be a driving force in challenging systems of oppression, and to co-create feminist realities.

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Gender Impact Investing & The Rise of False Solutions:
An Analysis for Feminist Movements

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List of Acronyms and Key Terms used in this report

ACRONYMS

AFD	Agence Française de Développement (French Development Agency)
BoP	Bottom-of-the-pyramid
CDFI	Community Development Finance Institutions
DFI	Development Finance Institutions
DRC	Democratic Republic of Congo
ESG	Environmental, Social, and Governance
FPIC	Free, Prior, and Informed Consent
GEF	Generation Equality Forum
GII	Gender Impact Investment
GIIN	Global Impact Investing Network
GLI	Gender Lens Investment
ODA	Overseas Development Assistance
SDGs	Sustainable Development Goals
UN	United Nations
UNCDF	United Nations Capital Development Fund
WEE	Women's Economic Empowerment

KEY TERMS

Assets Under Management (AUM)

The total market value of the investments managed by a fund, a family of funds, a venture capital firm, a brokerage company, an individual registered as an investment advisor, or a portfolio manager.

Blended Finance

The use of public or philanthropic finance for the mobilisation of additional private capital towards emerging or frontier markets, often in developing countries, which are expected to produce returns for both the investors and the community.

Gender Impact Investment (GII)

A subcategory of sustainable or ethical investment that integrates gender-based factors and targets into investment strategies in order to increase returns and move towards an 'impact' on gender equality. GII's goals are usually self-defined by the investor and may range from increasing the percentage of female employment, or presence in management, to creating services that women need.

Gender Lens Investment (GLI)

While gender impact investing aims to have actual 'targets' around improving gender equality, gender lens investing is about taking broadly defined 'gender factors' into account. In practice, however, neither Gender Impact Investment nor Gender Lens Investment has clearly defined standards, nor do they fall under any regulatory bodies, and the two terms are often used interchangeably.

Gender Bond

A type of social bond which provides funding for companies or institutions committed to a loosely defined goal of 'gender equality'. This may include - among other things - financing vehicles issued by national or development banks for companies that are either led by women, have some gender equality policies in place, or offer products and services for women.

Investment Vehicle

An instrument or product that allows investors to carry out their investment strategies and earn a financial return through income and capital gains. Examples of investment vehicles include venture capital, private equity, debt, or bonds.

Environmental, Social, and Governance (ESG)

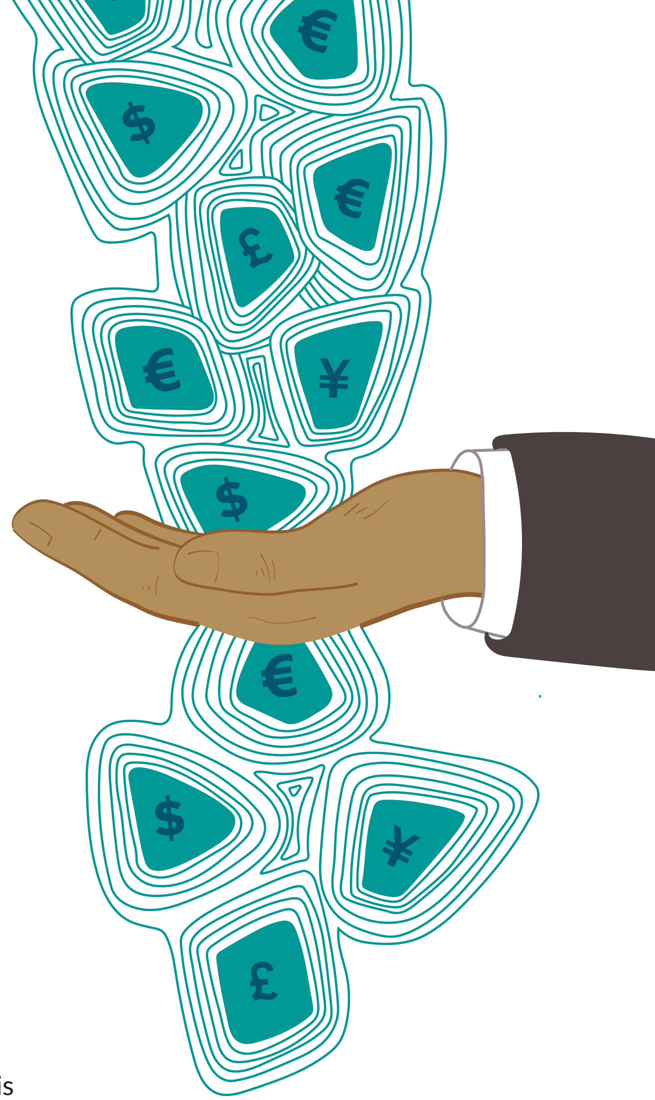
These have been the three main areas of focus for investors who wish to follow a socially responsible investing strategy. They are the go-to spaces for so-called green and sustainability investments, with gender equality being a lesser component. In the same sense as GII, ESG investing has lacked clearly defined standards and was largely self-defined. It is now potentially seeing clearer definitions and criteria as work in the EU and the ASEAN is currently underway to define its taxonomy.

Taxonomy

A defined set of criteria used to evaluate how a financial asset will do against its defined goals, usually ESG goals. The EU Taxonomy, for example, is a classification system establishing a list of environmentally sustainable economic activities. Meanwhile, the ASEAN Taxonomy aims to guide capital and funding towards activities that can help promote the systemic transformation needed in South East Asia.

De-risking Mechanisms

Instruments that can reduce, transfer, or compensate for specific types of risk that risk-averse investors are concerned about. De-risking instruments can include creating funds that provide investors with first-loss capital or preferred return rates - often with the support of development finance - and are supposed to encourage private sector investments by ensuring financing advantages or covering losses that investors may face in the course of their impact investment.



Foreword

Gender Impact Investing (GII) is now trending as a solution to gender inequality and yet, as this report substantiates, it is actually part of the problem. Public and private institutions marketing GII equate it with the promotion of gender equality and providing increased resources for women and girls, though neither claim is evidence-based. Rather, GII is another expression of subjecting our lives and societies to the same financial logic that has shaped, and continues shaping, the profound inequalities in our world.

With this report, AWID offers the readers - feminists, gender justice advocates, and other actors in the gender impact investing landscape - a critical analysis and substantiated evidence to understand GII, its narratives, and its economic and political implications for feminist movements.

First, what is Gender Impact Investing? The data and evidence in this report point to the financial scope of GII and reflect on the rationale behind the ambiguity of its definition. In line with AWID's research, Where is the Money for Women's Rights, this report analyses where GII money comes from and where it is going. You will note that while GII makes up a small portion of the impact investment landscape as a whole, it is a sizeable sum in the feminist funding ecosystem, and therefore a matter of grave concern for feminist movements and gender justice advocates.

Second, we note that GII is not unique on the list of instruments successfully marketed as beneficial for gender equality while lacking data to back these claims, though there is ample evidence to the contrary. GII joins other trends, like Public-Private Partnerships (PPPs), where the success of false solutions isn't derailed by the mounting evidence of their harmful impacts on public services and those most dependent on them - women, non-binary, and gender diverse people from historically marginalised communities.

Third, the report contextualizes GII in the wider context of today's political economy, which puts corporate logic and private profits at the centre of social life and public institutions. This context is necessary to help make sense of the data and the analysis. Market-driven approaches trim gender equality agendas to align with corporate and private interests, losing the transformative elements that might endanger the financial returns of the particular investment in question, and the interests of the private sector overall. Critically examining GII in the context of today's global economy reveals a profoundly neo-colonial mechanism where interventions and investments from the Global North continue to profit from the extraction of labour and resources in the Global South.

Finally, the incredible achievements of feminist movements in transforming societies have led to unintended outcomes, such as the co-optation of gender equality and feminist rhetoric on system change in the service of false solutions, and we understand GII as part of this category. The inaccessible technical language of GII serve to further discourage activists from deeper critical engagement.

Not all GII or impact investing models hold equally harmful implications for feminist movements. This report acknowledges the diversity of models and practices in the GII field, as well as the ideological and political diversity of its actors, including feminist and social justice activists pursuing genuinely transformative agendas beyond profit-generation. However, as this report also makes clear, these are individual and small-scale examples which cannot solve the structural problems of GII and how it contradicts feminist agendas of economic, climate, and resource justice. Acknowledging this, this report warns against reframing financial market instruments as emancipatory and invites us to bravely work through the real discomforts of our individual and institutional complicity.

We recognize that we all make individual and institutional compromises as we navigate the complexities of the global economy. Even with the very best of intentions, it is difficult for any of us to escape the systems and structures that drive inequalities and injustices. If an institution invests its funds, as indeed AWID does, we have no pretenses that our investments contribute to social good, or generate 'gender impacts'. We believe that at most we can - and we must - work hard to minimize the harms of our complicity.

With this report, we invite you to begin this much-needed conversation.

Inna Michaeli

Inna Michaeli

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Key Findings

"We need more resources, but not like this."

- Nancy Kachingwe, South Feminist Futures

The term Gender Impact Investing (GII) emerged in 2009 to stand for a gender strategy and/or approach to investments, yet there is still no common standard or definition of what 'gender-based factors' or 'gender analysis' in impact investing actually are.

The popularity and volume of funds in GII have been growing significantly over the last years, however it is difficult to assess the true numbers behind it as most available figures are based on investors' self-reporting, which add up estimates without any substantive verification or standard form of accountability.

Although GII is still a drop in the bucket of the impact investment industry as a whole, it is sizeable when compared to the funding committed to feminist movements and women's rights organizations. Out of approximately $630 to $715 billion USD for impact investments in 2019, $5 billion USD were investments for gender impact. At the same time, the Official Development Assistance (ODA) to women's rights organisations accounted for only $707 million USD - or just above one percent of all gender-focused aid.[1]

There is a serious risk of conflating financing for GII with funding feminist agendas and gender equality. Despite the fact that there is no actual evidence about its substantive contribution to social change, development finance institutions (DFIs), multilateral banks, and other public entities have invested a significant amount of money to attract commercial capital into GII. According to the 2020 OECD Survey on Blended Finance Funds and Facilities, 77 percent of the capital of blended finance vehicles dedicated to gender equality belonged to governments and development agencies.[2]

Despite its proponents using and co-opting feminist language around systemic and structural change, GII continues to privilege private capital and economic elites, opening the space for the further financialization and privatization of public goods and services which sustains the Global North's continued neo-colonial profiteering from the labour and resources of the Global South.

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1 OECD Development Co-operation Directorate, *Development Finance for Gender Equality and Women's Empowerment: A Snapshot*, OECD 2022. Available at: https://www.oecd.org/dac/Gender_ODA_2022.pdf
2 OECD Development Co-operation Directorate, *Blended Finance for Gender Equality and the Empowerment of Women and Girls*, OECD 2022. See: https://www.oecd.org/dac/2022-blended-finance-gender-equality.pdf

> While the bulk of GII is carried out by investors with multimillion-dollar budgets, loosely defined gender strategies, and almost no accountability, there are a few examples of impact investing by progressive social justice and women's rights funders that are decentring profits, in the narrow sense of the word, in favour of the rights and holistic well-being of people and the planet. While their practices do not hold equally harmful implications as more standard GII, they are still indicative of the larger process of financialization within non-profit organizations.

Methodology

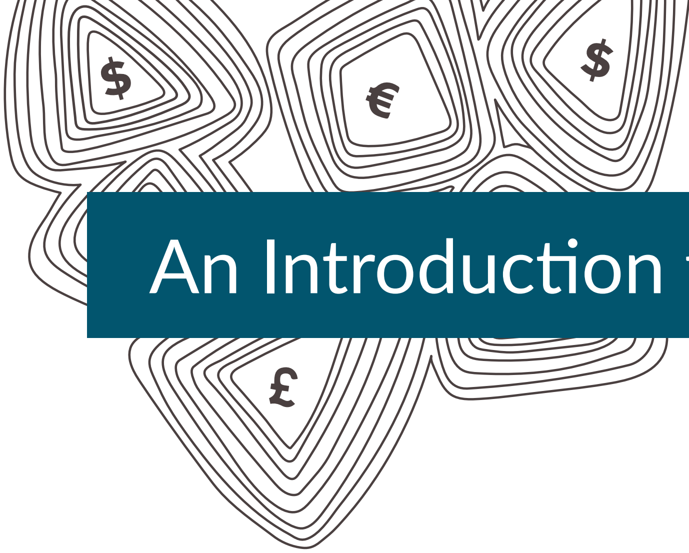
The information and analysis provided in this report comes from a four-stage process carried out by the consulting research team of Diyana Yahaya and Sanam Amin from November 2021 to September 2022.

Stage One encompassed desk research on Gender Impact Investment (GII) and Gender Lens Investment (GLI), incorporating initial data gathered earlier by the AWID team.

Stage Two included five key informant interviews of individuals in investment industry institutions involved in promoting gender impact investment, as well as other actors promoting these investments as a path for development and funding for gender equality.

Stage Three comprised of two sense-making workshops and a presentation of initial findings to experts from a range of feminist organizations that are working on economic justice and resourcing feminist movements, for validation, discussion, and strategic assessment.

Stage Four covered two additional interviews as well as the #BlockBlackRock campaign, a feminist-led collective pushback against the UN Women's partnership with BlackRock, the world's leading investment firm, specifically to promote GII. The #BlockBlackRock campaign began in September 2022, when this report was being finalised, and surfaced some new facts and analysis that have made its way to this final version.



An Introduction to GII

What Does ‘Gender Impact Investing’ Actually Mean?

Broadly speaking, Gender Impact Investment (GII) or Gender Lens Investment (GLI) is a strategy or approach towards investing or investment that takes into consideration gender-based factors or gender analysis. However, what those factors or analysis may be, has no agreed parameters or standards.

> **The GII phenomenon is not entirely new,** with the term ‘Gender Lens Investment’ having already been coined by the Criterion Institute in 2009.[3] AWID first began to document its emergence in 2014 in the *New Actors, New Money, New Conversations* report.[4] Since then, the GII trend has grown to become a recognizable subset of the impact investment landscape and the Environmental, Social, and Governance (ESG) standards for investing.[5]

3 See: “Our History.” *Criterion Institute*. https://criterioninstitute.org/about/our-history. Accessed 22 November 2022.

4 Julia Miller, Angelika Arutyunova, and Cindy Clark, *New Actors, New Money, New Conversations*, AWID, January 2014. Available at: https://www.awid.org/publications/new-actors-new-money-new-conversations

5 We found in our research and interviews that these two terms are often used interchangeably by various actors. Some of the people we interviewed differentiated between the two terms using the criteria of gender-based factors, gender analysis, or the gender outcome of the investment strategy. They also cited the neutrality of action of Gender Lens Investment versus the targeted positive impact of Gender Impact Investment. However, as there is no universally agreed definition of either term, we are choosing to approach the two as encompassing the same phenomenon and will be using the term Gender Impact Investment (GII) throughout the report, except in instances where the source being referred to uses the term Gender Lens Investment (GLI). See: “Our History.” *Criterion Institute*. https://criterioninstitute.org/about/our-history. Accessed 22 November 2022.

GII rests on the idea that there is not enough investment in women, and that investing in them can generate substantial economic growth because of the benefits and stability offered by women-led businesses. It also builds on the long-standing investment strategies of microcredit and microfinance for women.

Overall, GII embraces the idea of unlocking capital to 'do good', promising to use finance and investment capital for social change, gender equality, and addressing structural inequities.[6] It is also premised on the idea that if government and private capital will be making investments and issuing bonds or loans regardless, then committing a portion of that to gender equality is both a positive outcome and a good first step.

But because there is no agreed definition of 'gender-based factors' or 'gender analysis' in GII, in reality the gender impacts or goals for GII vary from investor to investor. In our research, we found that these terms can mean anything from increasing women's access to capital, to increasing the rate of women's employment, ensuring the delivery of services that women need, or introducing anti-sexual harassment policies.

UN Women, for example, offered the following definition for Gender Lens Investment:

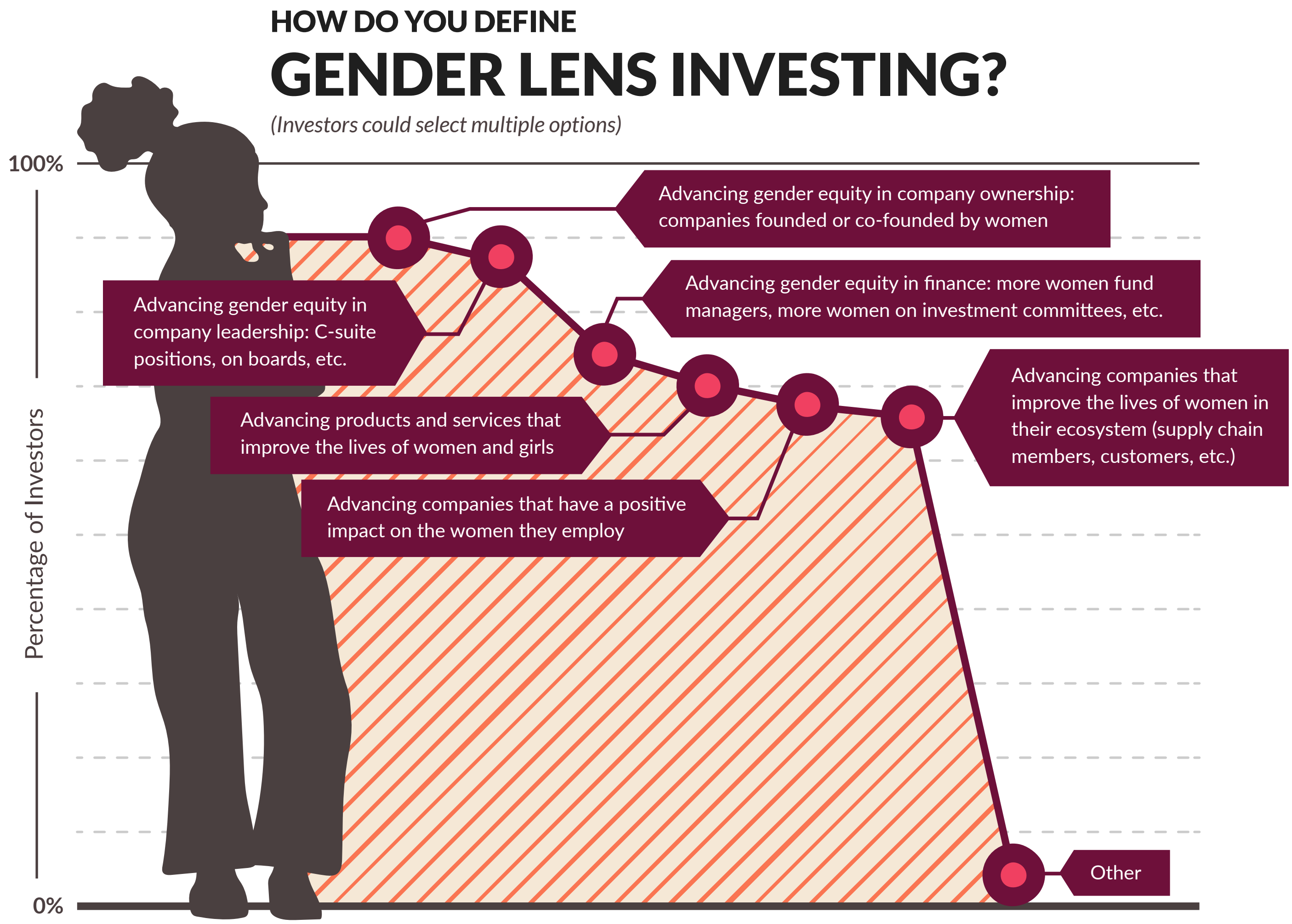
> "*GLI should, at a minimum, be defined as the intentional allocation of capital and alignment of investment strategies, processes, and products, which results in positive and tangible contributions against pre-determined women's empowerment objectives (…) such as the Women's Empowerment Principles and the SDGs, and which have the potential to generate a financial return. Gender lens investing by this definition is not an objective in and of itself; it is one of many tools employed by stakeholders to achieve lasting equality.*"[7]

6 See: "Our History." *Criterion Institute*. https://criterioninstitute.org/about/our-history. Accessed 22 November 2022.

7 UN Women and Agence Francaise de Développement, *Public Development Banks Driving Gender Equality: An Overview of Practices and Measurement Frameworks*, October 2021. Endnote 11, p. 57. Note that this was the working definition at the time of the publication. In 2022, UN Women is further developing its policy on Gender Lens Impact Investing. See: https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2021/Public-development-banks-driving-gender-equality-en.pdf

The Sage Report, an annual report that tracks the field of GII,[8] gives a sense of how varied the definition of gender lens investing can be. The data in Figure 1 below is based on a wide survey sent out to investors offering six possible definitions of this style of investment.

Figure 1



Source: Figure from Project Sage 4.0. (2021)

What cuts across all these definitions is that: like any other type of investment, **GII requires some form of financial return for its investors** - whether below market, at market, or higher. In fact, one report mentions that there is a perception amongst some private investors that adding a gender lens to investment criteria increases the risks to that investment – and this has been one of the main challenges to mobilising private capital that promoters of GII continue to face.[9]

8 The Sage Report is produced by the Wharton Social Impact Initiative (WSII) at the University of Pennsylvania and Catalyst at Large. Founded by Suzanne Biegel, Catalyst at Large provides consultancy, speaking, and facilitation in the arena of gender lens investing. See more at: http://www.catalystatlarge.com/

9 Raya Papp, Ahmed Aslam, Natasha Shih, and Yuka Yabashi. *Gender Lens Investing Landscape: East and Southeast Asia*. Catalyst at Large, SAGANA, and Sasakawa Peace Foundation, 2020. Page 27: "There is a common misperception amongst LPs that by adding a gender lens to the investment criteria, one is increasing risk and decreasing the opportunity set." Available online: https://sagana.com/wp-content/uploads/2020/07/200720-GLI-Landscape-Report.pdf

Impact investing has indeed been an investment vehicle for women-led social enterprises, cooperatives, and small and micro businesses, including some that are run by women's rights and social justice organisations. For example, RUNWAY, a financial innovation firm committed to dismantling systemic barriers and reimagining financial policies and practices in support of Black liberation, considers non-financial returns such as social, environmental or racial justice as part of its GII 'returns'.[10]

Another example is Thousand Currents' Buen Vivir Fund, which commits to a transformative approach to impact investing through participatory governance and an investment in grassroots economic initiatives in order "to restore holistic wellbeing of people and planet."[11] The fund launched its first round of investment in early 2018 to support projects in Latin America, North America, Southern Africa, and South Asia in sectors such as healthcare, housing, small business development for artisans and farmers, and environmental and climate protection. According to the Buen Vivir website, "the total investment today includes $431,200 [USD] in loan capital, $260,000 [USD] in grant capital, as well as unquantifiable investments of time and wisdom by the Fund members and ally-advisers via advising, learning-exchange, and sharing of tools and practices."[12]

However, these examples are only a tiny drop in the much larger impact investment bucket.

In most cases, investors are looking for financial returns and minimum risks, and therefore remain unlikely to put their money to support rather 'unprofitable' projects for systemic change – be it ending gender-based violence, reparations for economic harms experienced by indigenous communities or providing public services to people who depend on them. This, however, has not stopped the investment sector from promoting 'systemic change' as part of their GII portfolio.

What we found through this research is this: **while GII rhetoric was developed to match and co-opt the language and ideas of feminist movements,[13] there is very little substance behind the 'how' in which this systemic change would actually happen.** In reality, the guidance for GII investors is often reduced to basic suggestions like: avoid investing in sectors with high rates of gender-based violence, or invest in companies with gender equality policies in their workplace. Therefore, while GII is marketed as a promise to support the work that feminists do to transform inequalities, it is unlikely to deliver as what most of its investors expect is profit, not systemic change.

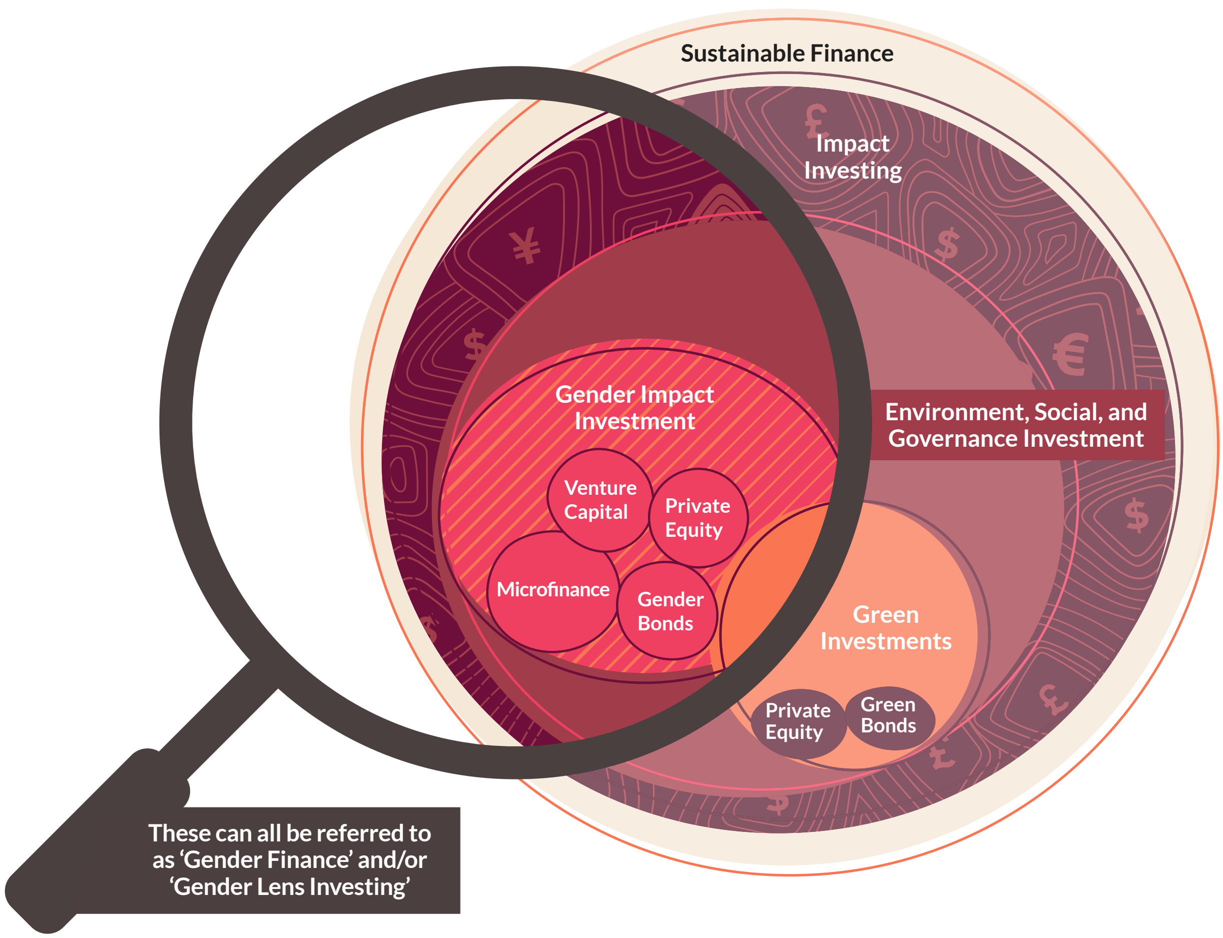
10 "About RUNWAY." *RUNWAY*, https://www.runway.family/runway-overview. Accessed 11 November 2022.
11 "The Buen Vivir Fund." *Thousand Currents*, https://thousandcurrents.org/buen-vivir-fund/. Accessed 11 November 2022.
12 Ibid.
13 For instance: a) Mexican business executive Angélica Fuentes's blog says: "Looking through a 'gender lens' provides investors with new perspectives, unveils new opportunities, and also pinpoints system barriers that hinder gender equality." See: https://angelicafuentes.medium.com/gender-lens-investment-a-tool-for-social-change-ae588a74bfd8
b) Criterion Institute suggests finance can be a tool to address gender-based violence. See: https://criterioninstitute.org/our-work/gbv

In What Way is GII Implemented?

The short answer is: in any way. From venture capital to private equity, to debts, to microfinance and bonds, there does not seem to be any limit to the kind of investment instruments or strategies that can be used to implement GII. Many are not new or specific to GII and have been used in other types of impact investments such as social impact and Environment, Social, and Governance investing. Figure 2 is a Venn diagram in which we attempt to capture these different trends and show how they relate to one another.

Figure 2

HOW DIFFERENT FORMS OF IMPACT INVESTMENTS RELATE TO EACH OTHER

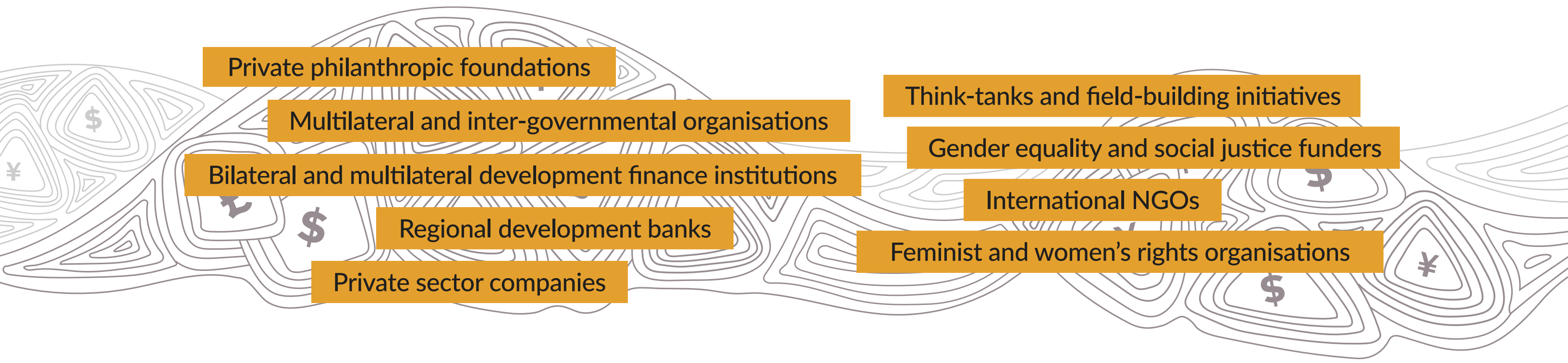


Source: Illustration created by Diyana Yahaya and Sanam Amin

c) Calvert Impact Capital, a US-based investment firm that reported making half a billion dollars of investment in over 100 countries and matches SDGs with their portfolio impact, wrote in a 2021 report that they remain "dedicated to providing the resources investors need to incorporate gender into their investment processes and to demonstrating that gender lens investing is not a niche or optional impact strategy, but a powerful way for investors to enhance their portfolios and *create structural change*" (emphasis ours). See: https://assets.ctfassets.net/4oaw9man1yeu/3cpyAZ81zUCR2YcKC7Bn7d/8b03748646283ccea887506c5a44368c/genderlensinvesting_legalperspectives_2021.pdf

Who is in the GII Landscape?

The actors experimenting with, promoting, practising, and even redefining GII are as diverse as the GII strategies themselves. These include:



Most of these actors carry out GII themselves, either as part of their profit-driven investment or, as in the case of development finance institutions and regional development banks, as part of a larger portfolio of development financing. Others – especially so-called field-building initiatives like Gendersmart and Criterion Institute, alongside multilateral organizations like UN Women – can be considered 'influencers'. Those influencers continue to drive and promote the strategies and approaches around GII, including its use as an instrument to fill the funding gaps needed to deliver on the UN's Agenda 2030 for Sustainable Development,[14] while not actually carrying out GII themselves.

For example, the OECD DAC Network on Gender Equality (GenderNet) has long worked to connect gender equality managers from development agencies in wealthy countries with observers from UN institutions, regional development banks, and civil society in order to increase ODA for gender equality and advance rights for women and girls.[15] GenderNet now has a new work stream that aims to map the extent to which financing models, such as blended finance, green finance or impact investments, can fund gender equality, as well as identify how donors can leverage their ODA to unlock private investments.[16]

Slowly but increasingly, GII is also being explored as a tool to leverage sustained funding by gender equality funders. Used to being systematically underresourced, feminist organizations at the receiving end of windfalls, such as the recent McKenzie Scott grants, find themselves facing a range of new challenges and dilemmas in managing funds, and a new depth of encounter with the capitalist financial system.[17] For example, Equality Fund points to the chronic underfunding of feminist movements and hence the necessity to *"make our capital last as long as possible, while also meeting our annual grantmaking targets."*[18]

14 UN General Assembly, *Transforming Our World: The 2030 Agenda for Sustainable Development*, 21 October 2015. Available at: https://sdgs.un.org/2030agenda
15 More about GenderNet: https://www.oecd.org/dac/gender-development/about-gendernet.htm
16 Proposal for the work stream of the OECD DAC Network on Gender Equality (GenderNet) in 2019-2020 on: *Financing for Gender Equality and Women's Empowerment Beyond ODA*, Room Document 4 for the GenderNet 16th Meeting, 29-30 October 2018.
17 Stephanie Beasley, "As MacKenzie Scott donates $3.9B, one grantee expresses ambivalence." *Devex*, March 2022. https://www.devex.com/news/as-mackenzie-scott-donates-3-9b-one-grantee-expresses-ambivalence-102921
18 Email interview with: Jessica Houssian, Co-CEO, Equality Fund; Rehana Nathoo, Senior Advisor, Equality Fund; and Beth Woroniuk, Vice President, Policy, Equality Fund. Received 7 October 2022.

Launched in June 2019 with $300 million CAD, Equality Fund is premised on the hope of mobilising $255 million CAD in capital from various investments towards a $1 billion CAD goal to resource feminist organising and gender equality around the world over the next 15 years.[19] The principal goal of Equality Fund's investment strategy is to generate long-term and sustainable funding flows to its grantmaking through returns on its investments, and at the same time help "shift the capital markets."[20] To achieve the latter, Equality Fund's governance model brings activists and feminist economists to advise its investment committee on their approach to GLI.[21] Equality Fund also developed its own GLI criteria for "investment-making organisations seeking to realign their own portfolios" and centre gender equality in their investment decisions, which is expected to be publicly available in early 2023.[22]

However, this type of approach is contested by a number of activists and feminist economists in the funding ecosystem who advocate that funders spend more money on grantmaking - instead of investments - and disagree with seeing GII as a strategy for system change.[23] According to Jennifer Olmsted, professor of economics and the director of Middle East Studies at Drew University:

> *"If feminists are interested in addressing structural problems, this is not the answer. That for me is the big concern. (…) I have been critical of the push for non-profits to have endowments which I think is linked to that issue. (...)There's a larger trend that started with the professionalisation of non-profits, that really emphasised that you have to have money you sit on and is earning money so that you can fund your programs. It's part of this whole financialisaton for me."*

19 AWID. *Hopes and High Expectations for Resourcing Feminist Movements: Recommendations to the Equality Fund*. August 2020. See: https://www.awid.org/publications/high-hopes-and-high-expectations-resourcing-feminist-movements-recommendations
20 For more information: https://equalityfund.ca/what-we-do/investment/
21 Equality Fund, *Meet Our Investment Advisory Council.* Updated March 2022. https://equalityfund.ca/wp-content/uploads/2022/03/EF_Investment-Advisory-Council_updated-March-7-2022-1.pdf
22 Email interview with: Jessica Houssian, Co-CEO, Equality Fund; Rehana Nathoo, Senior Advisor, Equality Fund; and Beth Woroniuk, Vice President, Policy, Equality Fund. Received 7 October 2022.
23 See, for example: AWID. *Hopes and High Expectations for Resourcing Feminist Movements: Recommendations to the Equality Fund.* August 2020. See: https://www.awid.org/publications/high-hopes-and-high-expectations-resourcing-feminist-movements-recommendations

How Big is the $$ in GII?

It is difficult to assess the true numbers behind GII as the figures that are available across different reports are mostly based on investors' self-reporting, which add up estimates without any substantive verification or standard form of accountability. Since it is possible these figures are being double-counted or undercounted, there is no way to accurately reflect the contributions that GII has made to its officially declared goals on social change.

However, if we are to take available numbers at face value, what they suggest is:

- The amount of money put into GII is growing annually.
- It is still small in the context of the whole impact investment portfolio while the impact investment field itself is small in comparison to the larger field of corporate investment.
- It is increasingly significant when compared to the amount of development and philanthropic funding that goes to feminist movements and women's rights organisations, especially in the Global South.

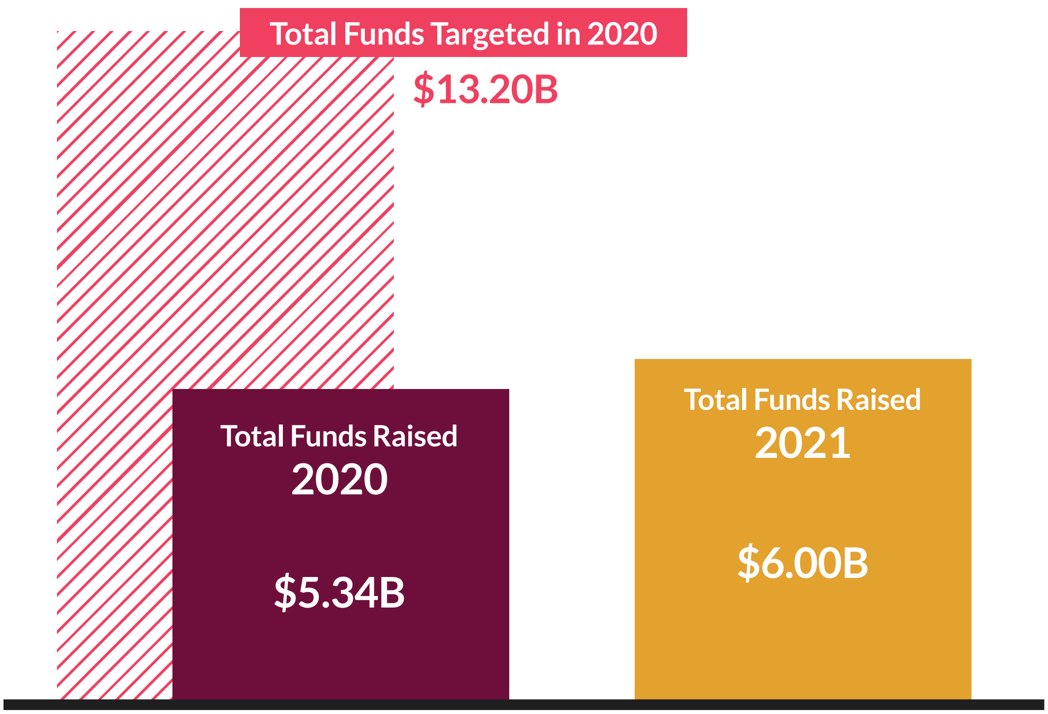
Figure 3 below adapts figures from the Sage Report 4.0[24] to show the total amount of funds targeted to be raised for GII in 2020 (in pink stripes) and the total amount actually raised that year (in maroon). What is significant is that the amount raised in just the first half of 2021 (in yellow) is already larger than the total amount said to have been raised in the whole of 2020. This suggests that the amount of money in GII has been growing significantly year over year.

Figure 3

ANNUAL INCREASE IN GII INVESTMENTS

between 2020 to mid-2021

TOTAL FUNDS RAISED AND TARGET RAISED (IN BILLIONS USD)



Source: The Sage Report 4.0

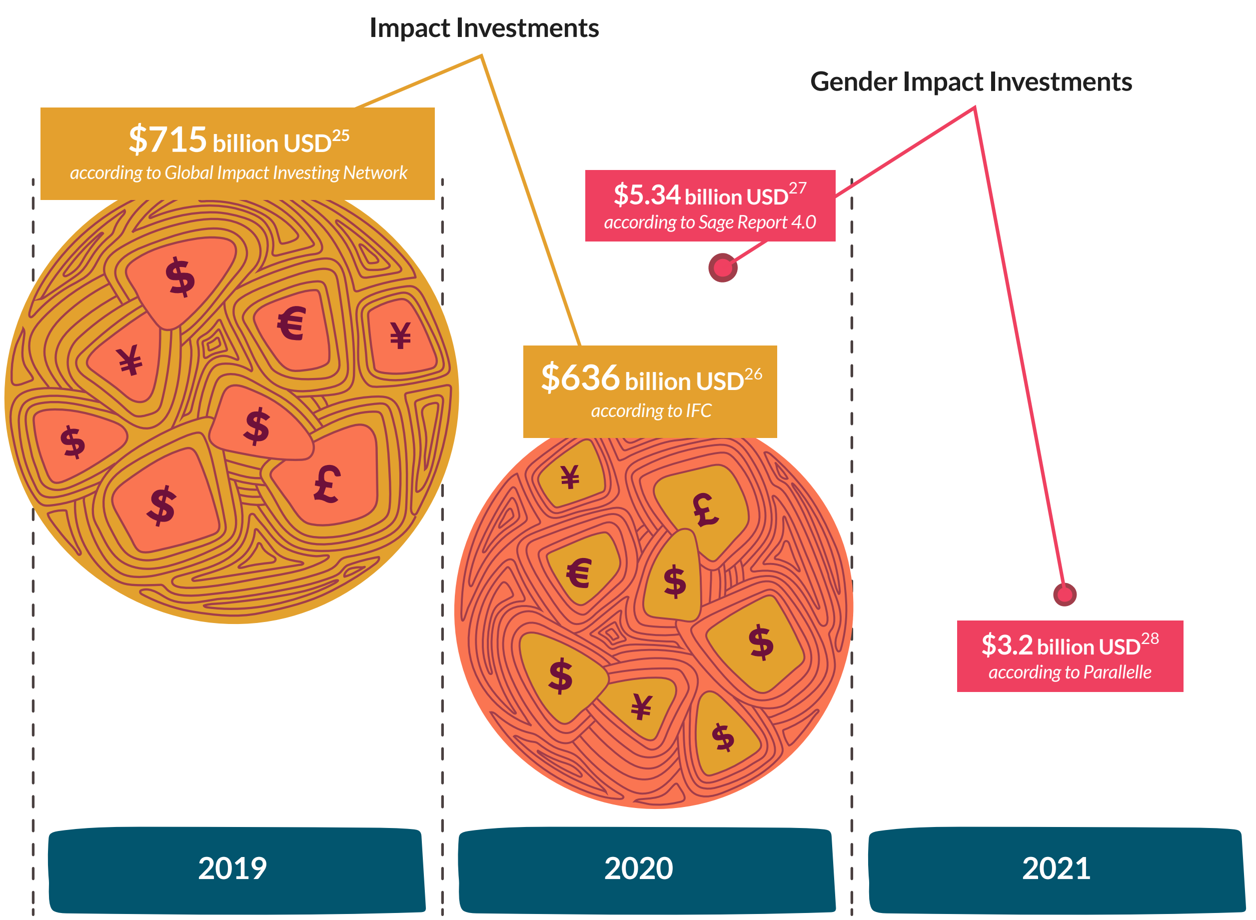
24 Suzanne Biegel, Maoz (Michael) Brown, and Sandi M. Hunt, *Tracking Venture Capital, Private Equity and Private Debt with a Gender Lens.* Project Sage 4.0, December 2021. Available at: https://esg.wharton.upenn.edu/wp-content/uploads/2022/08/project-sage-4.0.pdf

However, the actual portion of GII within the larger impact investment landscape does not appear to be very big. There are different estimates available, and in the chart below, we attempted to illustrate the scale of GII using several that we came across.

No matter which estimates we use, what is clear is that the amount of funds being put towards GLI or GII is a relatively small amount compared to the percentage of funds that has gone to impact investments as a whole.

Figure 4

TOTAL AMOUNT OF IMPACT INVESTMENT
Versus GII between 2019-2021

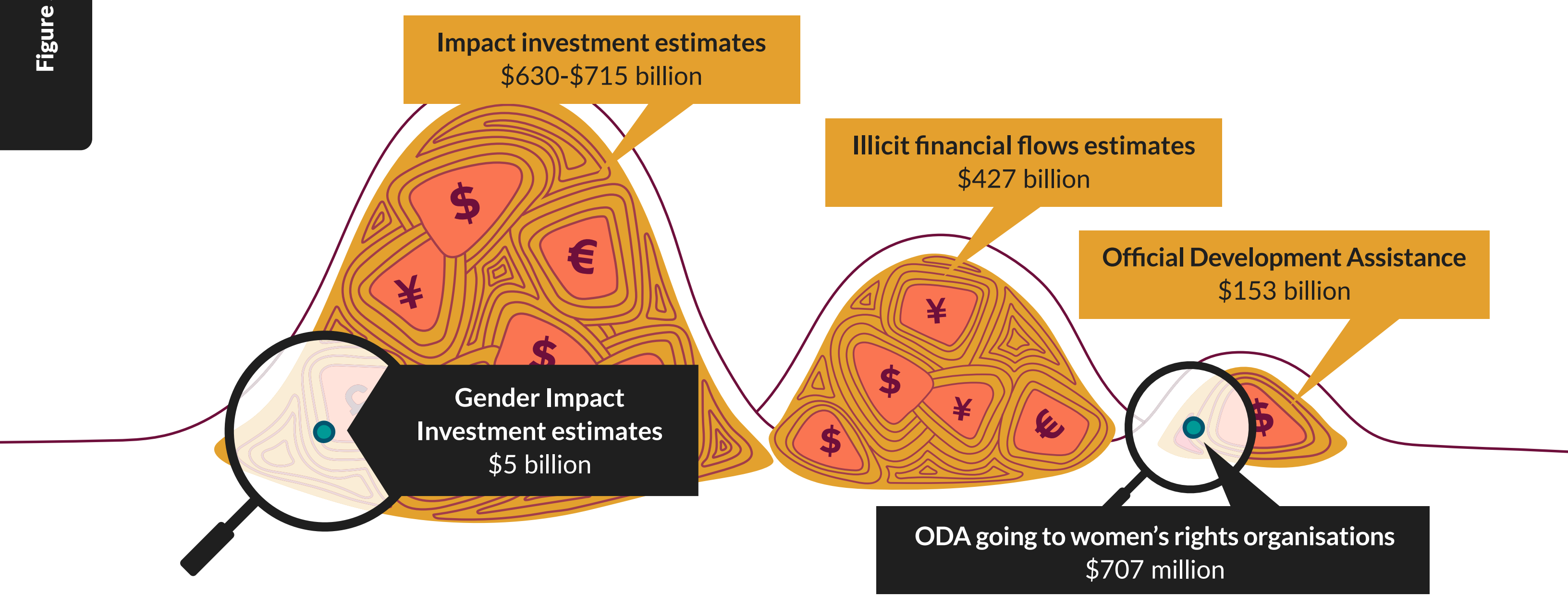


25 Dean Hand, Hannah Dithrich, Sophia Sunderji, and Noshin Nova. *2020 Annual Impact Investor Survey*. Global Impact Investing Network (GIIN), June 2020. Available online: https://thegiin.org/research/publication/impinv-survey-2020
26 Ariane Volk. *Investing For Impact: The Global Impact Investing Market 2020*. IFC, July 2020. Available online: https://www.ifc.org/wps/wcm/connect/365d09e3-e8d6-4da4-badb-741933e76f3b/2021-Investing+for+Impact_FIN2.pdf?MOD=AJPERES&CVID=nL5SF6G
27 Suzanne Biegel, Maoz (Michael) Brown, and Sandi M. Hunt. *Tracking Venture Capital, Private Equity and Private Debt with a Gender Lens.* Project Sage 4.0, December 2021. Available online: https://socialimpact.wharton.upenn.edu/research-reports/reports-2/project-sage-4/
28 Polly Bindman. "Why gender lens investing is struggling to make an impact." *Capital Monitor*, 2021. Available online: https://capitalmonitor.ai/asset-class/equity/why-gender-lens-investing-is-struggling-to-make-an-impact/

GII may be a relatively small part of the impact investment landscape, but it is still far bigger than the percentage of official development assistance (ODA)[29] and philanthropic funding committed to feminist organizing. Overall, ODA was $153 billion USD in total; and ODA for gender equality as a 'primary objective' has stagnated at four percent of all gender-focused aid for nearly 10 years, only rising to approximately five percent in 2020.[30] Though the bilateral aid allocated to women's rights organisations and movements rose significantly in 2019-20, it still only accounted for $707 million USD out of $56.5 billion USD – or just above 1% – of all gender-focused aid.[31] AWID's most recent estimate based on the data from Global Fund for Women, one the leading global women's funds, indicates that the average annual budget of feminist and women's rights organization in the Global South is just $30,000 USD. Feminists organizing at the intersection of issues and identities such as youth, trans, LBQI+, women who use drugs, women of colour, and undocumented migrants and refugees are funded even less and continue to fall through the cracks.[32]

Figure 5

GII IN RELATION TO MAJOR FINANCIAL FLOWS[31]



For more information about illicit financial flows and their relevance to gender justice, please refer to: https://www.awid.org/publications/illicit-financial-flows-why-we-should-claim-these-resources-gender-economic-and-social
Source: Created by Diyana Yahaya and Sanam Amin

29 Official Development Assistance (ODA) is defined by the OECD Development Assistance Committee (DAC) as government aid that promotes and specifically targets the economic development and welfare of developing countries. For many of the poorest countries, ODA represents the largest source of external financing and can be used to support education, health, public infrastructure, and agricultural and rural development. However, only a handful of rich countries meet the UN's target of giving 0.7% of their gross national product to international assistance. Further, donors often "tie" aid by requiring it is spent on exports from the donor country or used to promote the business interests of the donor rather than on the development needs of the recipient country. See more: https://archive.globalpolicy.org/social-and-economic-policy/financing-for-development-1-45/international-aid-1-126.html

30 Tenzin Dolker. *Where is the Money for Feminist Organizing? Data Snapshots and A Call to Action*. AWID, 2021. Available at: https://www.awid.org/sites/default/files/2022-01/AWID_Research_WITM_Brief_ENG.pdf

31 OECD. *Development Finance for Gender Equality and Women's Empowerment: A Snapshot*. 2022. Available at: https://www.oecd.org/dac/Gender_ODA_2022.pdf

32 According to Astraea Lesbian Foundation for Justice, the median budget for LGBQ groups in 2017 was only $11,713 USD. More than half (55.8%) of trans groups had annual budgets of less than $10,000 USD. See more: https://www.awid.org/sites/default/files/2022-01/AWID_Research_WITM_Brief_ENG.pdf

33 OECD. *Aid by DAC Members Increases in 2019 with More Aid to the Poorest Countries*. Available at: https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2019-detailed-summary.pdf

Where Does the Money Come From?

One of the key arguments in favour of impact investments is that it is a way to get private wealth and capital to 'do good', despite little evidence of GII's actual contribution to positive social change. Still, a significant amount of public money has already been diverted by development finance institutions (DFIs), multilateral banks, and other entities to attract commercial capital into impact investments, particularly through so-called 'blended finance'.

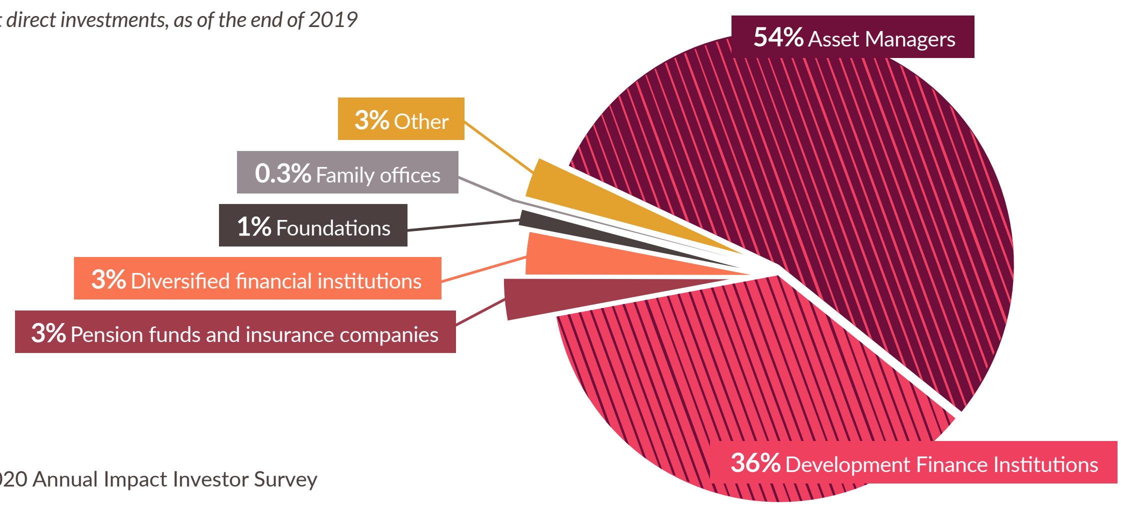
The exact numbers are difficult to come by, but the Global Impact Investing Network (GIIN) 2020 Annual Impact Investor Survey reported that DFIs are second only to asset managers in their share of the impact investment market (see Figure 6)[34] and this data does not even include the numerous incentives and de-risking mechanisms that governments, banks, and DFIs have set up to reduce the risk to private investors of impact investments.

According to the 2020 OECD Survey on Blended Finance Funds and Facilities, $49.8 billion USD (67%) of assets under the management of blended finance vehicles reported either integrating or being dedicated to gender equality.[35] The same survey pointed out that 77% of the capital in blended finance vehicles dedicated to gender equality came from governments and development agencies.[36]

Figure 6

ASSETS UNDER MANAGEMENT BY ORGANIZATION TYPE

Figures represent direct investments, as of the end of 2019



Source: GIIN 2020 Annual Impact Investor Survey

34 Dean Hand, Hannah Dithrich, Sophia Sunderji, and Noshin Nova. *2020 Annual Impact Investor Survey*. GIIN, June 2020. Available at: https://thegiin.org/research/publication/impinv-survey-2020
35 OECD. "Blended finance for gender equality and the empowerment of women and girls." *OECD Development Co-operation Directorate*, OECD Publishing, March 2022. See: https://www.oecd.org/dac/2022-blended-finance-gender-equality.pdf
36 Ibid

Where is the GII Going?

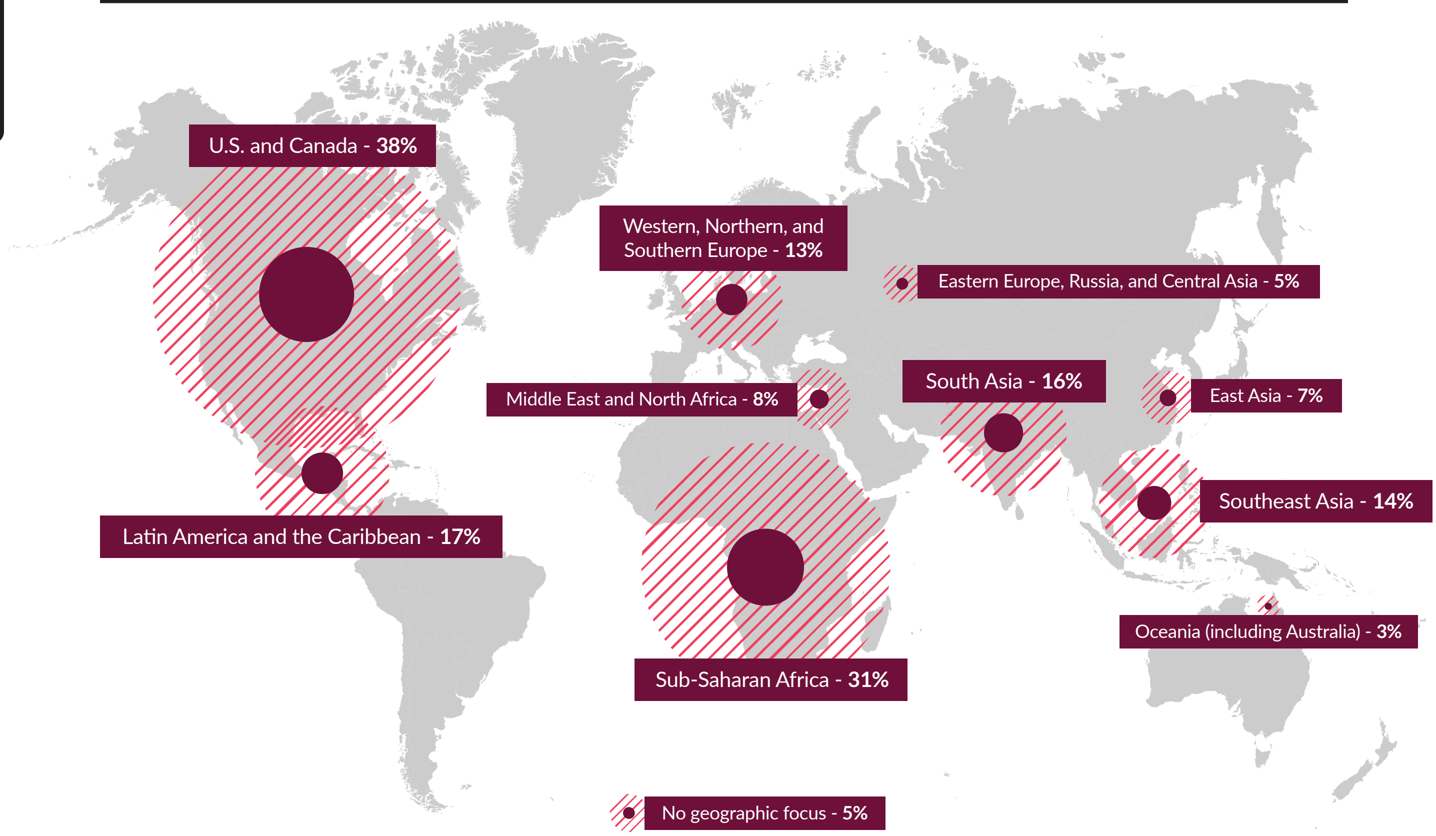
Geography

The Sage Report 4.0 states that the majority of GII is focused on the US and Canada, followed by Sub-Saharan Africa, Latin America and the Caribbean, South Asia, and Southeast Asia. Similarly, the GIIN's 2020 Annual Investor Survey reported that most impact investments are in the US and Canada, followed by Western, Northern and Southern Europe, Sub-Saharan Africa, and Southeast Asia.

Figure 7

INVESTMENT TARGET GEOGRAPHY

(Funds could select multiple options)



Source: The Sage Report 4.0 (2021)

What both reports show is that there is a deeply unequal distribution of GII between the Global South and the Global North, with the larger chunk of GII going to already rich and wealthy countries. For instance, the amount of GII or impact investment going to the US and Canada outnumbers the investments that are going to all of South, East, and Southeast Asia combined.

This illustrates a fundamental flaw in using private sector investments as a strategy for allocating funds towards development: countries without the 'right' financial infrastructure – those that may be destabilised by conflicts, climate change and other factors – are not likely to be considered to have a potential for financial returns, even though they are exactly the ones that ought to benefit from development financing and GII in the first place.

Sectors

The Sage Report 4.0 finds that GII investors are targeting quite an array of sectors. The top one is healthcare, followed by agriculture, fintech, and education and training. All services and infrastructure, especially healthcare and education, are best able to address gender inequalities when they are public, accessible, universal, and gender-responsive. **There is ample evidence that shows that the privatisation and profiteering of public services harms women and other structurally excluded communities.**[37] Hence, the insertion of private actors and businesses into these sectors, whether via public-private partnerships or GII, can increase their financialization and undermine feminist agendas of economic and gender justice.

Early into the pandemic, independent UN experts warned that "vital public goods and services have been steadily outsourced to private companies" and this "has often resulted in inefficiency, corruption, dwindling quality, increasing costs, and subsequent household debt. They further marginalised poorer people and undermine the social value of basic needs like housing and water."[38] Additionally, they stated that by continually "contracting out public goods and services, governments are paying lip service to their human rights obligations" and "rights holders are transformed into the clients of private companies dedicated to profit maximisation and accountable not to the public, but to shareholders."[39]

Finally, leading feminist economic justice groups such as DAWN, have also powerfully analysed public-private partnerships and noted its negative impacts on women's human rights and livelihoods in the Global South.[40] **What we need is a radical reconfiguration of our economic systems, not public-private partnerships and GIIs that have no evidence of impact.**

37 ESCR-Net. *Privatisation and Public-Private Partnerships*. Briefing Note, August 2016. https://www.escr-net.org/sites/default/files/1169911442/privatisation_briefing_note_english.pdf
38 Leilani Farha, Juan Pablo Bohoslavsky, Koumbou Boly Barry, Léo Heller, Olivier De Schutter, and Magdalena Sepúlveda Carmona. "Covid-19 has exposed the catastrophic impact of privatising vital services." *The Guardian*, October 2020. https://www.theguardian.com/society/2020/oct/19/covid-19-exposed-catastrophic-impact-privatising-vital-services
39 Ibid.
40 DAWN. "PPPs & WOMEN'S HUMAN RIGHTS Feminist Analysis from the Global South." *DAWN Informs*, March 2021. Available at: https://dawnnet.org/wp-content/uploads/2021/03/DAWN_Informs_on_PPPs_March2021.pdf

Examples of GII 'in Action'

In this section, we take a closer look at two bodies promoting some form of GII: the Phatisa Gender Lens Investing Initiative, a Mauritius domiciled private equity fund manager located in and operating across the African region; and 2X Collaborative, an industry body set up by the G7 development finance institutions in 2018 to encourage this style of investment and share know-how on GII.

Phatisa Gender Lens Investing Initiative

Phatisa is an African private equity fund manager that is registered in Mauritius. It was established in 2005 and focuses on investments in agribusinesses and construction.

Phatisa characterizes itself as "development equity investors rather than simply private equity."[41] It sees its investments as contributing towards the achievement of the UN Sustainable Development Goals (SDG), delivering "lasting impacts to targeted beneficiaries, such as smallholder farmers, bottom-of-the-pyramid (BoP) consumers, women and the environment."[42]

Phatisa is also part of the 2X Challenge (see 2X Collaborative below), which seeks to support businesses that provide women in emerging economies with access to leadership opportunities, quality employment, and products and services that enhance their economic participation and inclusion.[43] Since 2005, Phatisa has managed a total of approximately $400 million USD in investments from development banks, governments, aid agencies, and private investors (see Figure 8) to at least 16 portfolio companies.[44]

41 Emphasis is Phatisa's. Phatisa, *2020 Food Impact Report - African Agriculture Fund*. June 2020. Page 1. Available at: https://www.phatisa.com/post/big-data-101-an-introduction-to-data-query-engines
42 ibid
43 "Phatisa Food Fund 2 reaches $143million final close from DFI". *Phatasia*. 4 February 2021. Available at: https://www.phatisa.com/post/you-have-your-sales-forecast-now-what
44 Numbers as of 7 March 2022. See: https://www.phatisa.com/portfolio

Figure 8

GENDER IMPACT INVESTING AND PHATISA INVESTMENTS

Development Finance Institutions

- Spanish Agency for International Development Cooperation (AECID)
- French Development Agency (AFD)
- PROPARCO, a subsidiary of Agence Française de Développement (AFD)
- FMO, a Dutch entrepreneurial development bank, manages funds from the Dutch Ministries of Foreign Affairs and Economic Affairs
- Overseas Private Investment Corporation (OPIC), part of the U.S. International Development Finance Corporation
- CDC Group
- Finnfund
- FinDev Canada
- BIO

Private Sector

- Phatisa management
- New Century Partners (investment firm)
- Unigrains (investment firm)
- Sango Capital (investment firm)
- Africa Re (insurance company)
- Phatisa Affiliates

Development Banks

- West African Development Bank (BOAD)
- African Development Bank Group (AFDB)
- ECOWAS Bank for Investment and Development (EBID)
- Development Bank of Southern Africa (DBSA)
- Shelter Afrique
- Trade and Development Bank

Phatisa

Ongoing Phatisa investments

Companies which Phatisa no longer invests in

Phatisa's Investments

Meridian
Goldenlay
Goldtree
Kanu Equipment
Feronia
Nakuru Meadows
General Plastics
Izuba City
72 Magadi Road
Westpoint Heights
Continental Beverage Company
Deltamune
Westlands Place
Makeni Heights
Rolfes
FES

Source: Diyana Yahaya and Sanam Amin

Phatisa's GII/GLI approach

Phatisa's GLI focuses on increasing the rate of female participation in its portfolio companies. Specifically, it aims to: increase the percentage of female ownership; double the percentage of female employees, which is currently below 15 percent; increase training hours for women; provide gender wage equity; increase the number of female smallholder suppliers, and the payments to them; and institute governance measures, such as creating anti-discrimination policies and sexual harassment policies and procedures.[45]

However, the company's actual gender, social and environmental impact is highly questionable. None of Phatisa's current and past portfolio companies can be considered small or medium enterprises given the size of investments in them – and at least four could be considered multinational corporations. It is possible, though, that some of Phatisa's portfolio companies are procuring and engaging with actual small and medium-sized businesses.

Also, at least two of Phatisa's portfolio companies are plastic producing enterprises and at least two others operate palm oil plantations, all of which raises questions around the potential negative environmental and climate impact of these investments. More notably, two of Phatisa's past and current portfolio companies, Feronia and Golden Lay, have been accused of human rights violations and land grabbing.

Feronia, a multinational corporation first founded by the Lever Brothers through agreements with King Leopold of Belgium, continues to operate several large plantations in the Democratic Republic of Congo (DRC) on land obtained during the country's colonization. Feronia has been accused by civil society of beating and killing young men from nearby villages and of violence and abuse against women at its plantations. Some of these allegations took place during the period when the company was receiving impact investment from Phatisa.[46]

Feronia went bankrupt in 2020 and underwent financial restructuring.[47, 48] Its assets are now in the hands of a Belgium-based firm called Feronia KNM, which is mostly owned by a US-based private equity firm. This change of hands nullifies the impact investments that Phatisa had in the company.[49] However, Golden Lay, the largest producer and supplier of table eggs across Zambia, is still in Phatisa's current portfolio. Golden Lay has been accused of acquiring land in Zambia under questionable circumstances while refusing to share part of the land with over 1,000 displaced residents.[50]

45 GIIN. *Gender Lens Investing Case Study - Phatisa*. Available online: https://thegiin.org/assets/GIIN%20GLI%20Case%20Study%20-%20Phatisa%20design_FINAL.pdf
46 Farmlandgrab.org is an open project currently maintained by GRAIN, a small international non-profit organisation that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems. It has several pages dedicated to documenting Feronia and it's land grabbing and human rights violations: https://www.farmlandgrab.org/cat/show/511?page=1; See also GRAIN's report on "The untold story of Feronia Inc's failed rice operations in the DR Congo." https://grain.org/en/article/6674-the-untold-story-of-feronia-inc-s-failed-rice-operations-in-the-dr-congo
47 Andrew Murray-Watson, CDC Group. "A statement on the investment in Feronia (PHC) by KKM." *British International Investment*, 20 July 2020. https://www.cdcgroup.com/en/news-insight/news/a-statement-on-the-investment-in-feronia-phc-by-kkm/
48 Feronia Inc. "Feronia Inc. Announces Closing of Restructuring Transaction." *Global News Wire*, 23 November 2020. https://www.globenewswire.com/news-release/2020/11/23/2131781/0/en/Feronia-Inc-Announces-Closing-of-Restructuring-Transaction.html
49 Dominic Kennedy and George Grylls. "$76m in British aid lost as African project goes bust." *The Times*, 02 January 2021. https://www.thetimes.co.uk/article/76m-in-british-aid-lost-as-african-project-goes-bust-njn6wtw02
50 "Foreign Investor Refuses to share Land with the Displaced Residents -Jonas Chanda." *Lusaka Times*, 25 August 2018. https://www.lusakatimes.com/2018/08/25/foreign-investor-refuses-to-share-land-with-the-displaced-residents-jonas-chanda/

2X Collaborative

2X Collaborative (2XC) was founded by the G7 development finance institutions in 2018 to "provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access."[51]

It officially launched at the UN Generation Equality Forum (GEF) in July 2021 after the G7 countries put forward the 2X Challenge to collectively mobilize $3 billion USD in commitments over 2018-2020 and $15 billion USD in 2021-2022. However, there has been no public verification of the final figures for these challenges, as far as can be ascertained.

2XC defines itself as a "global industry body for gender lens investing" with members that include DFIs such as FinDev Canada, the US Development Finance Corporation, British International Investment (previously CDC Group), FinnFund, Swedfund, and Norfund, as well as regional development banks like the Asia Development Bank, the European Bank for Reconstruction and Development, and finance institutions like the International Finance Institution and the UN Capital Development Fund (UNCDF).[52] UNCDF is the agency that connects this entity to the Generation Equality Forum Action Coalition on Economic Justice and Rights. UN Women is a collaborating partner.

2XC is open to membership by private corporations, banks, academia, and any other entities working on Gender Lens Investment. Annual membership fees cost between $5,000 USD (academia) and $17,500 USD (for corporations with annual revenue of over $50 billion USD, or fund managers and financial institutions with portfolios of over $1 billion USD). Members are offered partnership and training, co-investment platforms, innovative investment tools, and peer-learning networks.

2XC has a 'core partnership' with Investor Leadership Network (ILN) and GenderSmart,[53] a global field-building initiative dedicated to unlocking 'gender-smart' capital at scale.[54] GenderSmart's website on the Generation Equality Forum says that they have been asked to "help maximise the involvement of finance and investment leaders who are able to leverage the GEF as a platform to advance their work and share related commitments."[55]

51 "Global gender finance initiative sets ambitious new $15 billion fundraising goal after securing more than double its original $3 billion target." *2X Challenge*, 09 June 2021. https://www.2xchallenge.org/press-news/2021/6/9/global-gender-finance-initiative-sets-ambitious-new-15-billion-fundraising-goal-after-securing-more-than-double-its-original-3-billion-target
52 "Frequently Asked Questions." *2X Collaborative*, https://www.2xcollaborative.org/faq. Accessed 22 November 2022.
53 "What is Gender Smart Investing?" *GenderSmart*, https://www.gendersmartinvesting.com/. Accessed 22 November 2022.
54 "Frequently Asked Questions." *2X Collaborative*, https://www.2xcollaborative.org/faq. Accessed 22 November 2022.
55 "Accelerating Progress for Gender Equality by 2030." *GenderSmart*, https://www.gendersmartinvesting.com/about-gendersmart-generation-equality-forum. Accessed 22 November 2022.

2XC's GII/GLI approach

2XC offers five overarching '2X Criteria'[56] for affirming that an investment is '2X eligible', and meeting any one of them is enough to meet their standard:

Entrepreneurship

If it is founded by a woman or is a 51% women-owned business

Consumption

If it provides product(s) or service(s) that specifically or disproportionally benefit women

Employment

If women make up 30-50% of the workforce (depending on sector) and has one 'quality indicator' beyond compliance

Leadership

If senior leadership is 30% women or if the board or investment committee is 30% women

Investments through financial intermediaries

If 30% of the DFI loan proceeds or portfolio companies meet the 2X Criteria

These 2X Criteria are presented as the "global industry standard for gender lens investing,"[57] even though they are purely about the presence of women in numbers. None of these standards address true drivers of gender equality or diversity with regards to gender identity or racial justice. They do nothing to give women and people from historically marginalised groups a voice, agency, or the ability to organise, nor are they concerned whether the business itself complies with international human rights standards and obligations. Instead, **they all are rooted in capitalist ideas of women as an untapped consumer market and as potential entrepreneurs who need a bit of investment to scale up.**

56 Full list of criteria available at: https://www.2xchallenge.org/criteria
57 "Frequently Asked Questions." *2X Collaborative*, https://www.2xcollaborative.org/faq. Accessed 22 November 2022.

The Rise and Risks of GII

Woke Capitalism

The rising interest in GII is part of a new wave of multistakeholderism that asserts that duty bearers, rights holders, and corporate interests are all ‘equal partners’, despite significant power imbalances that exist among these groups. Anand Giridharadas, author of *Winners Take All: The Elite Charade of Changing the World*, describes this wider phenomenon as “woke capitalism.”[58]

According to Giridharadas, the world of impact investment offers a win-win vision where all sides benefit, however, philanthropists and communities championing impact investments will only present solutions that benefit them. This does not mean that there won’t be instances where some communities see improvements in their lives. But a system that maintains inequality while only slightly improving conditions for selected groups will certainly not deliver the large-scale, structural change that feminists and other social movements demand.

While the figures of how much is being invested towards supporting gender equality sound exciting, it is largely public money subsidizing private sector investments, and not the other way around. These are funds that should be going towards public goods, services and infrastructure, yet impact investment vehicles have private actors taking the lead in managing these financial transactions and receiving fees for that without taking any risks. Even when the source of funding for this style of investment is the private sector or philanthropy, it often offers tax benefits for wealthy individuals who get to move their money into investments rather than declaring it as income.

This brings up the question of how philanthropically accumulated wealth should be used, and how government funds for gender equality should be spent.

Even as social justice and feminist stakeholders engaged in transformative work explore GII, the infinite accumulation of wealth and interest cannot claim to represent a ‘system change’. In its feminist transformative sense, system change requires the redistribution of wealth and power from the philanthropy and aid sector with a view to a just and sustainable future where such institutions would no longer be necessary, and billionaires would no longer exist. But it is possible for feminist institutions to acknowledge these contradictions as they navigate the existing financial system. For example, while accepting $10 million USD from billionaire philanthropist, Mackenzie Scott, FRIDA - The Young Feminist Fund, publicly stated that they “recognize that philanthropic giving exists because of inequality and exploitation.”[59]

58 Sonya Harris. “‘Woke’ capitalism? Anand Giridharadas isn’t buying it.” *KUOW*, 14 November 2019. https://m.kuow.org/stories/woke-capitalism-anand-giridharadas-isn-t-buying-it
59 “Money is Political.” *FRIDA*, 23 March 2022. https://youngfeministfund.org/money-is-political/

Avenues for Exploitation

The lack of common definitions and standards within GII open the doors to investors to carry out pink- or green-washing exercises and, effectively, to write their own rulebook before any real government regulatory frameworks can be put in place. This is especially concerning considering there are already very few pathways for accountability against corporate abuse, especially in a transnational context. This lack of common standards allows investors to frame themselves as supporting gender equality while committing human rights violations at the same time. Indeed, gender impact investors can receive recognition for having something as basic as sexual harassment policies – the absence of which is actually illegal in many countries – while failing to meet international standards such as the ILO Convention 190 on Violence and Harassment.

As the trend of GII grows, some governments and multilateral actors have begun talking about regulatory frameworks and common standards around impact investments, especially in the context of the Sustainable Development Goals and Agenda 2030. ESG investing, for example, has about 600 reporting standards globally[60] while the European Commission's EU Taxonomy is a Union-wide classification system for sustainable activities.[61] The G20 Sustainable Finance Working Group is developing sustainable finance taxonomies, in part to address the challenges of "the promulgation of different approaches, data inconsistencies, lack of comparability of ESG criteria and rating methodologies, as well as inadequate clarity over how ESG integration affects asset allocation."[62]

Unfortunately, these existing and proposed regulatory frameworks remain weak and ineffective,[63] and, in large part, focus on risk management for the investor not the potential harms to those who are being invested in. The EU Taxonomy, for example, was most recently criticised by civil society over allowing the European Commission's political interference and disregarding the recommendations of its own expert group, along with its greenwashing of fossil gas and nuclear energy.[64]

60 See more: "The future of sustainability reporting standards." *EY*, June 2021. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/sustainability/ey-the-future-of-sustainability-reporting-standards-june-2021.pdf. Accessed 03 November 2021.

61 "EU taxonomy for sustainable activities." *European Commission*. https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en. Accessed 22 November 2022.

62 OECD. *ESG Investing and Climate Transition: Market Practices, Issues and Policy Considerations,* OECD Paris, 2021. https://www.oecd.org/finance/ESG-investing-and-climatetransition-Market-practices-issues-and-policy-considerations.pdf

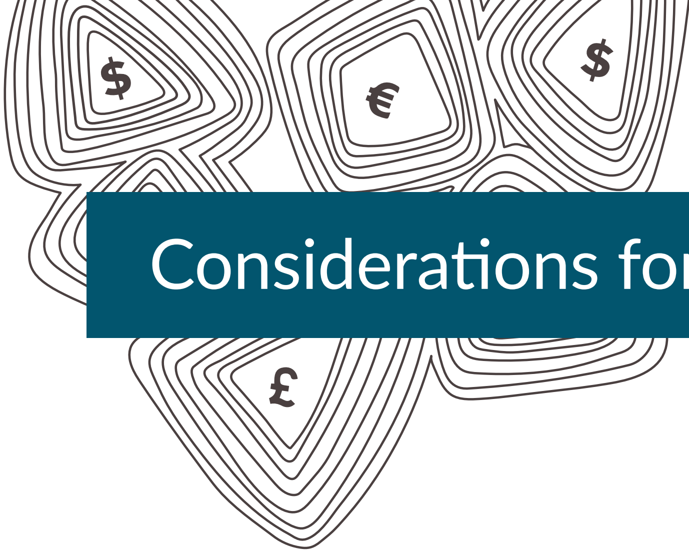
63 Slowly, governments as well as multilateral spaces are beginning to shift into talking about regulatory frameworks for impact investments, especially ESG. One example is the European Commission (EC) EU Taxonomy, an EU-wide classification system for sustainable activities.# Another is the G20 Sustainable Finance Working Group which is moving towards develop sustainable finance taxonomies, in part to address the challenges of 'the promulgation of different approaches, data inconsistencies, lack of comparability of ESG criteria and rating methodologies, as well as inadequate clarity over how ESG integration affects asset allocation.'# None of the existing or potentially emerging regulatory frameworks are without criticism, including from the feminist movements and civil society. See more: "The future of sustainability reporting standards." *EY*, June 2021. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/sustainability/ey-the-future-of-sustainability-reporting-standards-june-2021.pdf (Accessed: 03 November 2021).

64 Monique Goyens, Ariel Brunner, Mathilde Crêpy, Luca Bonaccorsi, and Sebastien Godinot. *Civil Society experts leaving the EU Platform on Sustainable Finance.* EU Platform Expert Letter to Commissioner McGuinness, 13 September 2022. Available online: https://wwfeu.awsassets.panda.org/downloads/220913_eu_platform_expert_letter_to_commissioner_mcguinness__2_.pdf

Still, proponents of GII present it as a way for civil society – women's rights organizations in particular – to directly engage with the investor community and the financial industry more broadly. And to potentially access the funds allocated to sustainable and gender investments in order to fund their work. Criterion Institute, for example, offers a guide for NGOs to engage in this sector.[65] Meanwhile, UN Women has promoted the *Innovative Financing and Gender Lens Investment Initiative programme*[66] as a way to mobilise private finance for gender equality, including for the achievement of Agenda 2030, through the promotion of capital mobilisation and investments oriented towards the gender lens.

The GII promise is one of false solutions. The feminist economic justice proposals around organizing workers, increasing taxes for transnational corporations, stopping illicit financial flows, cancelling debt, nationalizing entities that are too big and powerful, and mobilizing resources for feminist movements and women's rights organizations are all more substantive and must be seen through the smoke and mirrors of GII.[67]

65 Joy Anderson and Mara Bolis. *A Blueprint for International Non-Governmental Organizations on Using Finance as a Tool for Social Change*. Criterion Institute, 2018. Available at: https://criterioninstitute.org/wp-content/uploads/2018/09/Criterion_Blueprint-for-INGOs.pdf
66 "UN Women launches Innovative Gender Financing Initiative." *UN Women*, 02 July 2020. https://lac.unwomen.org/en/noticias-y-eventos/articulos/2020/06/iniciativa-financiamiento-innovador-de-genero
67 Ibid



Considerations for Feminist Movements

> *A lot of the gender investment frameworks - they do not go into distribution of power, work, value. They are embedded in upholding the status quo. They are embedded in the notion of 'return on investment'. With all due respect, this whole GII is usually about elite feminism, neoliberal feminism, Forbes Women, Lean-In feminism. It is about exceptionalism and individual achievement, not about challenging toxic colonial gendered power relations."*

- Gender Impact Investing Sense-Making Workshop Participant, February 2022

As with the broader phenomenon of impact investing, GII is likely not a short-term fad. It is the generational direction that investment is turning towards as it sees more Millennial and Gen Z investors coming in and taking over from Boomers and Gen X. Feminist movements will have to reckon with its increased influence and acceptance in multilateral, inter-governmental, and funders' spaces – and with what it means for resourcing feminist movements as well as for feminist agendas for economic, redistributive and climate justice.

> Our research, interviews, and workshop discussions have informed us of some considerations for feminist movements, organizations, funders, activists and scholars, in relation to GII. The points in this final section are intended to guide as an entry point for critical engagement, and are by no means exhaustive or definitive positions.

Diversity of views in the feminist ecosystem

We acknowledge the range of attitudes among different actors in the feminist funding ecosystem and impact investment landscape, which are centred around capitalism and the role and power of private finance. These attitudes range from those that genuinely believe in capitalism and therefore would like to see it being utilized to do good, to those who remain sceptical and critical towards capitalism and yet realistically view it as a system that is and will continue to dominate our lives, which necessitates strategies such as GII in the intermediary to address its harmful impacts. Others, such as the authors of this report, believe that the way forward is to dismantle capitalism and the power of private finance in its entirety. To quote Audre Lorde: "The master's tools will never dismantle the master's house."[68]

This diversity of attitudes is reflective of the diversity and richness within feminist movements as feminists continue to reckon with strategies and ways forward in response to GII and corporate capture more broadly.

68 Audre Lorde. *The Master's Tools Will Never Dismantle The Master's House.* Penguin Random House, 2017.

The Conflation Between Resourcing Gender Equality and GII

"Although GII is small in the bigger landscape of impact investment, it is still concerning as funding allocated for women's movements is already extremely small, and if GII is going to be a replacement to it, it is a source of huge concern to the feminist movements at large."

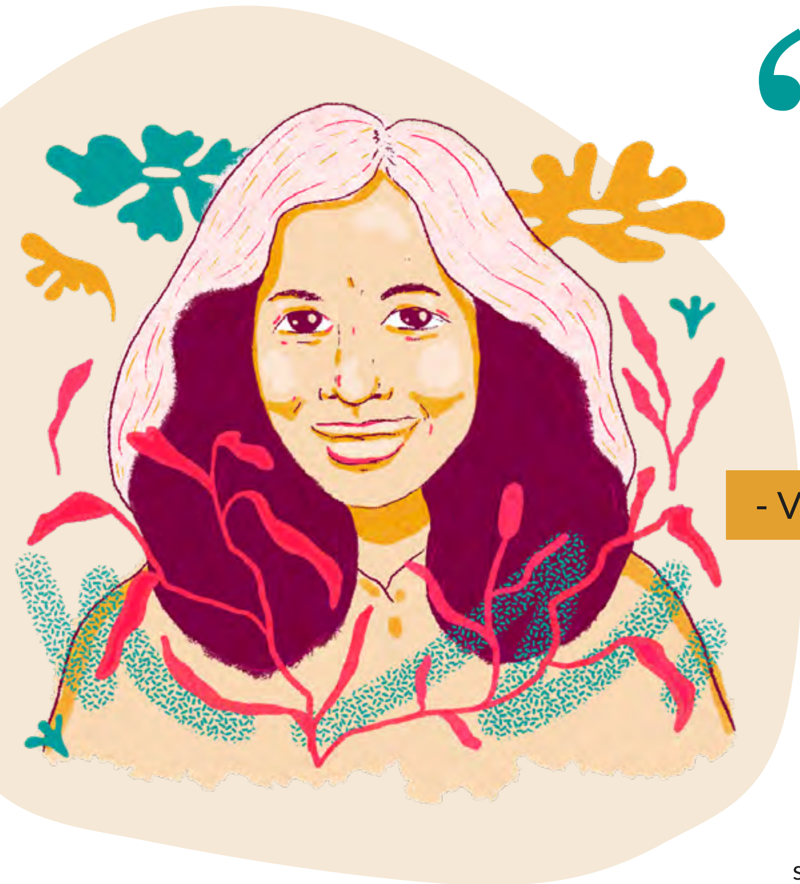
\- Emilia Reyes, *Women's Working Group on Financing for Development*[69]

Feminist movements are already chronically underfunded[70] and it's getting increasingly difficult to unpack the real numbers behind the gender equality funding that is available. Many governments, development banks, and international financial institutions say that they are increasing funding towards gender equality, when in fact they are increasing funding towards GII or GLI. This can be seen, for example, in the $40 billion USD that has been said to be committed during the Generation Equality Forum in Paris in 2021, while in fact, based on the limited data available, our estimation is that only $2 billion USD has been pledged with an explicit objective to support feminist movements and women's rights organizations.[71]

Far too often the multi-billion figures claimed to be invested by the private sector to support gender equality sound impressive, but in fact a big part of that is public funding supporting and subsidizing GII, and by extension, its biggest investors: multinational corporations. The conflation of the two - GII and resourcing gender equality - is dangerous and undermines rights-based resourcing towards feminist movements.

69 Shared at AWID's Gender Impact Investment Learning Workshop 2 on 9 February 2022.
70 See: Tenzin Dolker. *Where Is the Money for Feminist Organizing? Data Snapshots and A Call to Action.* AWID, 2021. Available online: https://www.awid.org/news-and-analysis/new-brief-where-money-feminist-organizing
71 Kasia Staszewska. "From US $40 Billion to US $2 Billion: unpacking the real numbers behind Generation Equality funding pledges." *AWID*, 11 November 2021. https://www.awid.org/news-and-analysis/us-40-billion-us-2-billion-unpacking-real-numbers-behind-generation-equality

Co-optation of Feminist Language, Ideas, and Narratives



> *"This is a moment to reckon with. Earlier, we saw states co-opt the feminist language and water it down. Now, we have the corporates doing it. It is very important to realize the power of our feminist discourse and to emphasize what we mean when we talk about women's rights."*

- Vanita Mukherjee, *DAWN*[72]

Often, GII is promoted using narratives and language generated and used by feminist activists and movements, despite maintaining the status quo. This language serves to justify and increase the amount of public resources that are channelled into GII. When feminists are calling for system change, they mean transformation towards gender, economic, climate and redistributive justice. Proponents of GII argue that they have the power to 'unlock the potential of women and girls', yet there is lack of clarity on how these investments will address systemic harms.

There are a handful of gender and social justice investors, like RUNWAY, Equality Fund, and Thousand Currents' Buen Vivir Fund, that are attempting to centre social justice in their impact investments. However, for the lion's share of investors, the bar for what constitutes GII, or even ethical investing, is extremely low and their co-optation of existing gender justice narratives to suit their own agendas must be approached with a critical lens.

72 Shared at AWID's Gender Impact Investment Learning Workshop 1 on 2 February 2022.

Privatization and Corporate Capture of Multilateral Spaces

> *GII is a bigger trend of how corporate becomes at the centre of everything. I am predicting that the financialization and privatization will take over as more income streams are created from sectors like education, and by the constant move from the public to the private. GII falls in line with the neo-colonial and recolonization agendas."*

- Nancy Kachingwe,
Southern Feminist Futures[73]

The rising trend of GII essentially shifts the responsibility to come up with 'solutions' to social and economic inequalities to the private sector, despite its track record of exploiting public goods for corporate and private gain. The corporatization of 'achieving gender equality' is becoming even more pronounced in multilateral spaces and agencies, including UN Women.

In November 2021, UN Women launched the *Bonds to Bridge the Gender Gap* report, which sought to give the problematic global debt capital markets an important role in financing progress toward gender equality in both the public and private sectors.[74] The report remarkably ignored the call to cancel sovereign debt – a key issue that was brought to the forefront during the COVID-19 pandemic, and which is not only widely supported by civil society but also by several countries in the Global South. These countries pointed out that their ability to mobilize funds in a crisis had been hampered by debt servicing.[75]

The launch of the report featured representatives from Morgan Stanley, Citibank, and others who presented GLI as a potential game changer if more significant funding were to go towards it. UN Women has also included gender bonds as potential "new and innovative financing approaches" in their 2022-2025 Strategic Plan.[76]

73 Shared at AWID's Gender Impact Investment Learning Workshop 1 on 2 February 2022.
74 IFC. *Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender. Equality*. November 2021. Available at: https://www.unwomen.org/sites/default/files/2021-11/Bonds-to-bridge-the-gender-gap-en.pdf
75 Sana Jamal. "Pakistan PM Imran Khan calls for pandemic debt relief for developing nations." *Gulf News*, 13 April 2021. https://gulfnews.com/world/asia/pakistan/pakistan-pm-imran-khan-calls-for-pandemic-debt-relief-for-developing-nations-1.1618335015944
76 UN Women Executive Board. *United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) Strategic Plan 2022-2025*. UN, 12 July 2021. UNW/2021/6. Available online: https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/186/22/PDF/N2118622.pdf?OpenElement

In May 2022, UN Women announced that it had signed a Memorandum of Understanding with BlackRock Inc., the world's largest multi-trillion dollar asset management firm, "to cooperate in promoting the growth of gender lens investing."[77] In August that year, over 700 feminists, their allies, and civil society organizations submitted an open letter[78] to UN Women to #BlockBlackRock and end the partnership with the company as it was emblematic of unaccountable capitalist extractive practices and the worst performance on corporate accountability. The letter highlighted the dangers of the corporate capture of UN spaces. While UN Women agreed to terminate this partnership, several questions remain as to how committed UN Women actually is to feminist economic justice.[79]

Lack of Accountability of Investors and GII Advocates

Throughout this report, we've elaborated the absence of common standards and accountability around GII, for either the governments or investors carrying it out, the businesses and corporations receiving it, or any of the influencing actors promoting it.

As governments and multilateral organizations such as the UN increasingly turn to the private sector for funding and services, it is important to recall that the obligation of governments and multilateral agencies such as UN Women is to hold private actors to account for social, economic, and environmental harms. Obscene levels of wealth accumulation should also be a source of concern. As the #BlockBlackRock mobilization illustrates, feminists and gender equality advocates are committed to holding governments and multilateral institutions accountable when these institutions facilitate the inclusion of private finance yet fail to ensure these private actors are held responsible for their violations of women's human rights.

77 "BlackRock and UN Women to Promote Gender Lens Investing." *BlackRock*, 25 May 2022. https://www.blackrock.com/corporate/newsroom/press-releases/article/corporate-one/press-releases/blackrock-and-un-women-to-promote-gender-lens-investing
78 "Feminists Demand End Of UN Women's Partnership With Blackrock, Inc." *AWID*, 2022. https://awid.org/news-and-analysis/feminists-demand-end-un-womens-partnership-blackrock-inc
79 "Bigger than BlackRock: Challenging UN Corporate Partnerships." *AWID*, 14 September 2022. https://awid.org/news-and-analysis/bigger-blackrock-challenging-un-corporate-partnerships

False Solutions vs the Feminist Agenda for System Change

Despite its claims to deliver structural change, almost all of our interviewees who were proponents of GII would say only that it is a 'tool'.

Suzanne Biegel, founder of Women Effect and Catalyst at Large Ltd., admitted, "investments are not going to be the answer to these questions and these issues [referring to reparations, land grabbing, climate induced displacement, etc.]. It will take a combination of other tools such as policies, government, funding, etc., with investment being just one tool." UN Women was also very critical of the claims by the impact investment industry on how GII was transforming the gender landscape.[80]

Since it is clear that GII is not going to address structural barriers, actors and investors who choose to engage with GII would be better off not using the language of system change. UN institutions and governments should embrace and promote feminist macroeconomic justice analysis to guide their decisions on investments, as well as their approach to partnerships and commitments for financing development and gender equality. Feminist macroeconomic justice analysis is systemic and structural, and considers all macroeconomic issues – debt, tax, capital, endowment, and privatization – to be intersecting, having an impact on gender equality and women's human rights.

What is ultimately required is a structural transformation of the ways that resources are generated and distributed in society, as well as our economic system which is entrenched in inequalities. This kind of systems change is what feminist movements have been calling for and what they are best positioned to lead.

80 Interview: with Robyn Oates, Sustainable Finance Specialist, UN Women, and Vipul Bhagat, Senior Advisor, Sustainable Finance, UN Women. Conducted on 06 January 2022.

Annex: List of Interviewees

1. Anonymous. Interview conducted: 5 January 2022.

2. Suzanne Biegel, Founder of Women Effect, Catalyst at Large Ltd. Interview conducted: 6 December 2021.

3. Jessica Houssian, Co-CEO, Equality Fund; Rehana Nathoo, Senior Advisor, Equality Fund; Beth Woroniuk, Vice President, Policy, Equality Fund. Email interview conducted: 7 October 2022.

4. Jessica Norwood, Founder of the RUNWAY Project. Interview conducted: 18 January 2021.

5. Robyn Oates, Sustainable Finance Specialist, UN Women, and Vipul Bhagat, Senior Advisor, Sustainable Finance, UN Women. Interview conducted: 6 January 2022.

6. Jennifer Olmsted, Professor of Economics and Director of Middle East Studies and the Social Entrepreneurship Semester, Drew University. Interview conducted: 27 September 2022.

7. Myriam Vander Stichele, Senior Researcher at the Centre for Research on Multinational Corporations (SOMO). Interview conducted: 15 December 2021.

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