

Introduction

The section below considers ways in which financial institutions (FIs) can incorporate more ambitious gender considerations into their own organisations, and support gender interventions amongst their clients in order to manage risk and drive business value. The benefits of driving gender interventions are numerous, and well-established. This is outlined in more detail in “[BII’s Gender Toolkit section on financial institutions](#)”. By taking an active stance on gender, FIs signal their commitment to gender equality, and use their influence to catalyse meaningful change across their client base.

The guidance below considers gender interventions at the level of the FI itself, as well as gender interventions that can be built into the FI’s credit approval and management process with clients of the FI. In the case of incorporating gender considerations into the various stages of the credit life cycle, this process should be integrated with the process of incorporating broader E&S issues (refer to [Transaction cycle](#) section).

A leading framework for prioritising gender in the investment process across DFIs is the [2X Challenge](#). The 2X Challenge brings together DFIs committed to mobilising capital that provides women with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access. Further information on investing with a gender lens can be found in “[Fund Manager’s Guide to Gender-smart Investing](#)”.

- [Defining a Gender-Related Strategy](#)

Strategies for gender-related interventions should be based on the unique context of the FI, and the market that it serves. In the case of clients, opportunities to drive gender interventions are likely to be identified at the due diligence stage of the credit life cycle. In developing gender strategies, there are several considerations that need to take place. These include:

- An understanding of the status quo at the FI in question regarding key gender issues. This should take the form of a gender diagnostic, which supports decision makers in gaining clarity regarding levels of female employees, representation of women in senior leadership, broader opportunities for women in the business, products and services that actively target the needs and priorities of women, commitments taken by the FI for non-discrimination and prevention of sexual harassment and their associated policies, amongst others such as breakdown of workforce and female representation at various levels in the organisation, gender-based corporate indicators such as attrition rate, pay gap, etc. The

gender diagnostic should help to ascertain first the gender gaps, and second the levers for better performance in these areas, as well as any barriers that may prevent the successful implementation of such interventions. Examples of diagnostic tools are on BII's Gender Toolkit, including the "[FI Sector Brief](#)" and the "[Gender Diversity and Inclusion Questionnaire](#)".

- A review of local gender regulations and programs to ensure that the strategy is aligned to broader national and/or local policies around gender.
- A review of global priorities and developments around gender, ensuring that the strategy is aligned to these where relevant. These may include frameworks such as the "[Sustainable Development Goals \(specifically Goal 5: Gender Equality\)](#)", and the "[2X Challenge](#)".
- The strategy and capacity of the FI (in the case of FI-level interventions) and of the client (in the case of the FI incorporating gender considerations into a loan agreement). For interventions to be effectively integrated into the work of the organisation, they should be closely aligned with the organisational strategy more broadly. The capacity of the organisation to drive the chosen strategy (in terms of skills, time, and financial resources) is a key determinant of the successful implementation of the strategy.

Once these considerations are clearly understood, strategic objectives should be formulated, along with an understanding of what "success" would look like. These objectives are likely to fit into four areas that BII has set as thematic priorities:

- Supporting women's leadership
- Improving women's job quality
- Promoting women's access to finance and entrepreneurship
- Applying a gender lens to products and services

Based on the results of the gender diagnostic, objectives can be further articulated as follows:

Areas of BII influence

- Supporting women's leadership
- Promoting women's access to finance and entrepreneurship.
- Applying a gender lens to products and services.

Examples of Strategic Objective

- Increase female representation at board level to XX%
- Increase female representation at management level by XX%
- Increase female representation in total workforce by XX
- Increase proportion of female clients by XX%
- Increase proportion of clients with products/services that focus specifically on the needs and priorities of women

- **Approach**

Once a strategy has been defined, specific approaches need to be developed which align to the strategy and which, if implemented effectively, would lead to the achievement of the strategic objectives identified in the previous step. This takes the form of a Gender Action Plan (GAP), or the identification of specific activities with associated timelines and delegation of responsibility.

Examples of specific interventions and Gender Action Plan template can be found on [BII's "Gender Toolkit page on gender action planning"](#).

3. **Measurement and Management**

When defining the strategy, it should be ensured that the achievement of the strategic objective is measurable, and that targets in this respect are clearly defined. This will ensure that progress towards these targets can be tracked, and that barriers to the achievement of the target can be identified and addressed early on. Metrics should also be established to monitor the implementation of the various approaches. Amongst other things, this will support the development of a causal link between the delivery of the approach and the achievement of the strategic objective.

There are various frameworks which provide predefined indicators against which progress towards gender-related goals can be measured. These include the "[IRIS+ Metrics](#)", the gender-related targets within the "[Sustainable Development Goals](#)", as well as indicators related to the "[2X Challenge](#)". A list of these metrics can be found on

[“BII’s Gender Toolkit page on impact measurement”](#).

In cases where a gender initiative is being driven at a client of the FI, reporting on performance against gender-specific indicators should be included in the terms of the loan agreement.

4. [Disclosure and Verification](#)

Disclosure and verification of performance against gender-related goals and targets is dependent on requirements from funders, partners, or other key stakeholders. For example, FIs with 2X Challenge investments are required to report against the “[2X criteria](#)” at key intervals. FIs who are signatories of the “[IFC Operating Principles for Impact Investing](#)” are required to “publicly disclose alignment with the Principles and provide regular independent verification of the alignment”. Clients may be required to report on gender-specific indicators or interventions to the FI, and this should be aligned with the E&S reporting process to the greatest possible extent.

Even when not required, FIs may choose to disclose or report their performance against their strategic objectives linked to gender. When doing this, the following questions should be answered in order to ensure that the information provided is relevant and meaningful:

- What is the purpose of this information?
- Who is consuming this information?
- Where/in what format will this information be consumed?
- What is the most critical/relevant information to share?
- What is the process for gathering/analysing the relevant data and developing the report content?
- Is it necessary/valuable for the data to be verified by an external third party?

The growth in reporting on gender-related interventions also contributes to the growing knowledge base in this space and allows other organisations to benefit from

lessons learned.

Resources:

The following websites provide further information and guidance:

- The [Financial Alliance for Women](#) is a consortium of financial institutions dedicated to supporting one another as they seek to tap into the opportunity of the Women's Market, including through research and resources that are made publicly available.
- "[Perspectives on Promoting Women in Financial Services](#)" is an article by McKinsey & Co which explores the current position of the financial services sector in relation to gender equality.
- "[The Power of Parity](#)" is a McKinsey publication which discussed the economic growth that could be derived from advancing gender equality.
- "[Women in Financial Services](#)" is a publication by Oliver Wyman which takes a panoramic view of the current status of women in the financial services industry.
- "[2X Challenge](#)" is the website which contains all of the publicly available information about the 2X Challenge, including the details of the criteria.