

Day 3: Nov 30, 2023

Gender Equality via SGBs

SOUTH ASIA IN A GLOBAL CONTEXT



South Asia remains the **furthest away from parity** on the Economic Participation and Opportunity subindex of Global Gender Gap Report, having closed 37.2% of the gap

Sources: World Economic Forum, Global Gender Gap Report



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ANDE SOUTH ASIA CONVENING 2023

Accelerating Action in the Region



ASPEN NETWORK
OF DEVELOPMENT
ENTREPRENEURS
SOUTH ASIA

Balancing the power in Gender Lens Investing: The role of “Translation”



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30 November 2023 | 6:00 PM - 7:30 PM IST



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Balancing Power in
Gender-lens investing:
The Role of Translation

30th November 2023

Purpose of Today's Session

Start with the why...

Build your case for why and how you want to be engaging finance to advance the social change you seek?

Then dig into the how...

Focusing on how finance as a system of power and how you can shift power dynamics within the system.

And we can continue to build from there.

Who is Criterion?

Criterion is the leading think tank focused on finance as a tool for social change

We **work with social change-makers** to demystify finance and broaden their perspective on how to engage with and shift financial systems.

Criterion does this through a methodology and set of practices that move leaders beyond understanding finance to believing in their own ability **use financial systems to advance the social change we seek.**



Finance and investment are better understood as a system of power, rather than a source of capital.



Systems of finance
and investment
are made up by humans
and therefore,
we can change them.





I PLEDGE

I WILL NEVER
AGAIN SAY

"I DON'T KNOW FINANCE."



Brief Introductions

Type in the chat:

Name

Organization

What are you hoping from today?

Translation *between* Gender and Finance

Translation is a function that enables better gender analysis to be integrated in investment design and decision-making processes.



What are the Goals of Translation?

1. Shift or expand what **enterprises get investment**
2. Introduce **new data** or **eliminate bias** in analysis
3. Change the power dynamic through **structures and terms**
4. Change what **processes** are trusted or who is seen as **expert**
5. Influence the **benchmarks** of the investments

TOOLKIT is a framework to understand the logic of finance and investments to be able to design strategies to create social change.

Use the system as it works now to create or influence change.

or

Change the system because it is causing the problem.





Approaches to Social Change

Approaches to using finance to create social change should not be separated from other approaches to creating social change.

The strategies are just informed by the logic of finance.

Five Strategies

for using finance as a strategy
to create or influence social change

Invest in Opportunities

LOGIC: Finance looks at enterprises at a certain stage of growth, with assets that are seen as valuable to investors, in sectors that are seen as having opportunity

Strategy

Channel resources to enterprises or investment opportunities that will contribute to the social change you seek



Assign Value in a Market

LOGIC: Systems of finance assign value. They analyze worth. Finance looks at opportunities and the risks in those opportunities over time. The result of that analysis determines what return is seen as possible

Strategy

Advocate for introducing new data or eliminating bias in how data is assessed in order to shift how value is assigned in finance



Facilitate Movement of Capital

LOGIC: Intermediaries are institutions with a particular legal form that use instruments or vehicles to move capital. The instrument is defined by the terms written out in documents.

Strategy

Shift the structure and terms of an investment to be able to change **who holds what power in the relationship**



Manage the Business of Investing

LOGIC: Finance has its own business model. A set of processes define how finance works, those processes have costs. Those processes are paid for by a set of revenue sources based on the functional role(s) played

Strategy

Expand what **expertise is trusted** in investment decision-making and what processes are seen as valid approaches to making investments



Diversify a Portfolio

LOGIC: Investors' goals are reflected in a portfolio that is composed of a diversified set of asset classes. In order to build their portfolio, asset holders invest in financial products.

Strategy

Influence the benchmarks that measure the success of the investment or introduce metrics that track the impact of the investment



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Seeing Opportunity

What constitutes an investment opportunity?

When an investor places capital in a project or an enterprise they **expect** (but have no guarantees) that at some point in the **future** there will be enough revenue to **pay back** the investment and provide enough additional “return” to cover the expense and the risk in the initial investment.

Seeing Opportunity

Where are there opportunities to invest to make a difference in the issue?

- An enterprise that is innovating and developing a product that will improve conditions for individuals or communities
- A company with better practices for their employees or clients/customers
- A company which has the potential to reduce exploitation in an industry
- A business owner who faces structural barriers to financing

If we are trying to address inequality,
is it appropriate to look for opportunity?

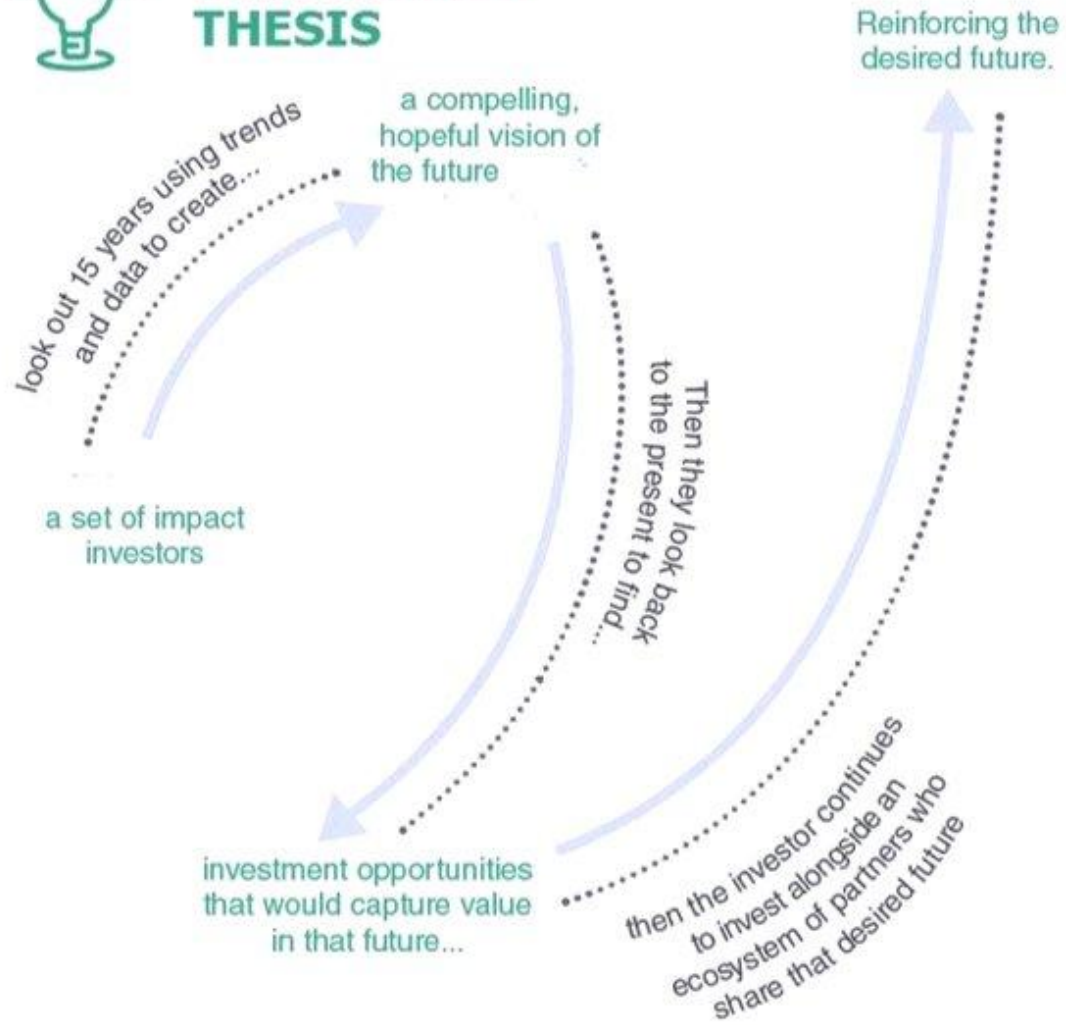
What if we were investing in a different
future where our work addressing
inequality had worked?

Why the future matters
in investments?





INVESTMENT THESIS



Predicting the future is REALLY, REALLY important in investing.

Investments are ONLY successful at some point in the future. Only day traders make (or lose) money today.

Our imagination of what is possible or likely in the future (and the algorithms that validate it) is rife with bias and privilege.



What is your picture
of the future?

Take 5 min to reflect silently.

Jot some notes down as
we will come back to this.



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Fundamental elements of investing

Assumptions of risk and expectations of return over time

Finance looks at opportunities and the risks in those opportunities over time. The result of that analysis determines what return is seen as possible

RISK IS FUNDAMENTALLY MORE IMPORTANT THAN RETURN IN FINANCE.

Why does it matter if
finance is wrong in
how it assigns value?

(remember, investments are about
power even more than money)



Finance Analyzes Value

Investors use analysis of past data to predict future value, and then discount back to the present.

Materiality and Why it Matters

Materiality is a measure of the importance of a piece of information when making an investment decision.

What would be possible if gender patterns were explicitly understood as material?

Of course, gender already informs decision-making but through implicit or explicit bias.

Analysis of Correlation or Causation

Investing and financial systems are often satisfied with correlation rather than causation.

Analysis of gender patterns is most often looking for causal factors of inequities.

This can create challenges in connecting current research in gender and social patterns to system of finance.

Internal Risk/External or Market Risk

Are the risks from patterns inside of the company/
investment, within the control of the
company/investment

or

Do the risks originate from outside of the company
and the company needs to respond to them.

What are the patterns inside companies that can create a risk to the company?

What are the patterns in the world that create risks for the company?

How does content
shape how you could
shift power dynamics
in finance?



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Shift the structure and terms of an investment to be able to change **who holds what power in the relationship**



Functions of Intermediaries

1. Channel capital from investors to enterprises
2. Pool capital to increase efficiency and reduce risk
3. Provide knowledge and access to opportunity
4. Facilitate exchange across scope and scale

Power Dynamics around Financial Intermediaries

Intermediaries:
Who is defined
as a financial
intermediary?

Legal Forms:
How is the
intermediary
structured?

Instruments
and Vehicles:
What is the
specific vehicle
used?

Terms: What
are the terms?

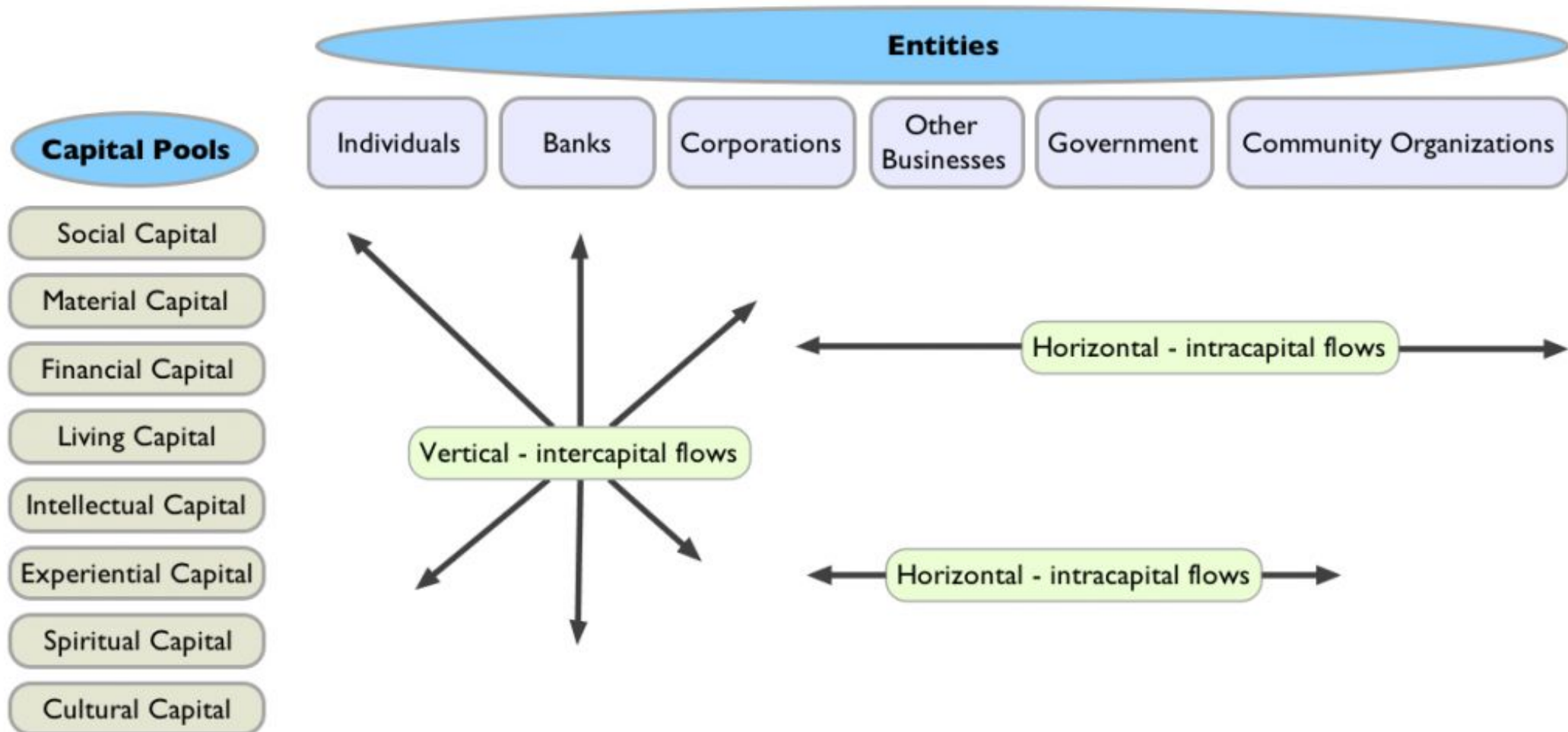
Documents:
How are
the terms
represented in
documents?

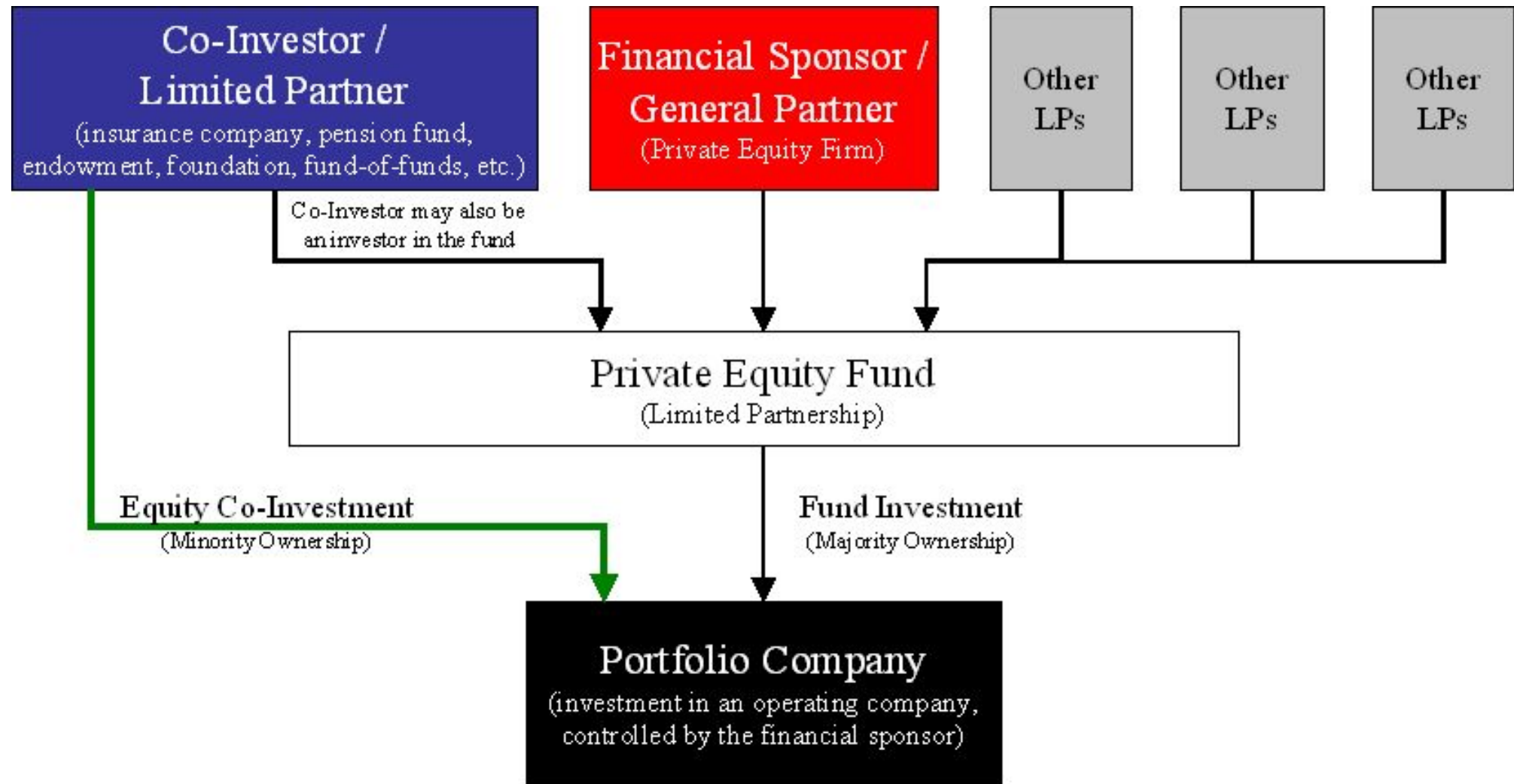


What follows are pictures that map capital.

What do you notice about power dynamics in these images?

Capital Pools & Flows





The Financial System

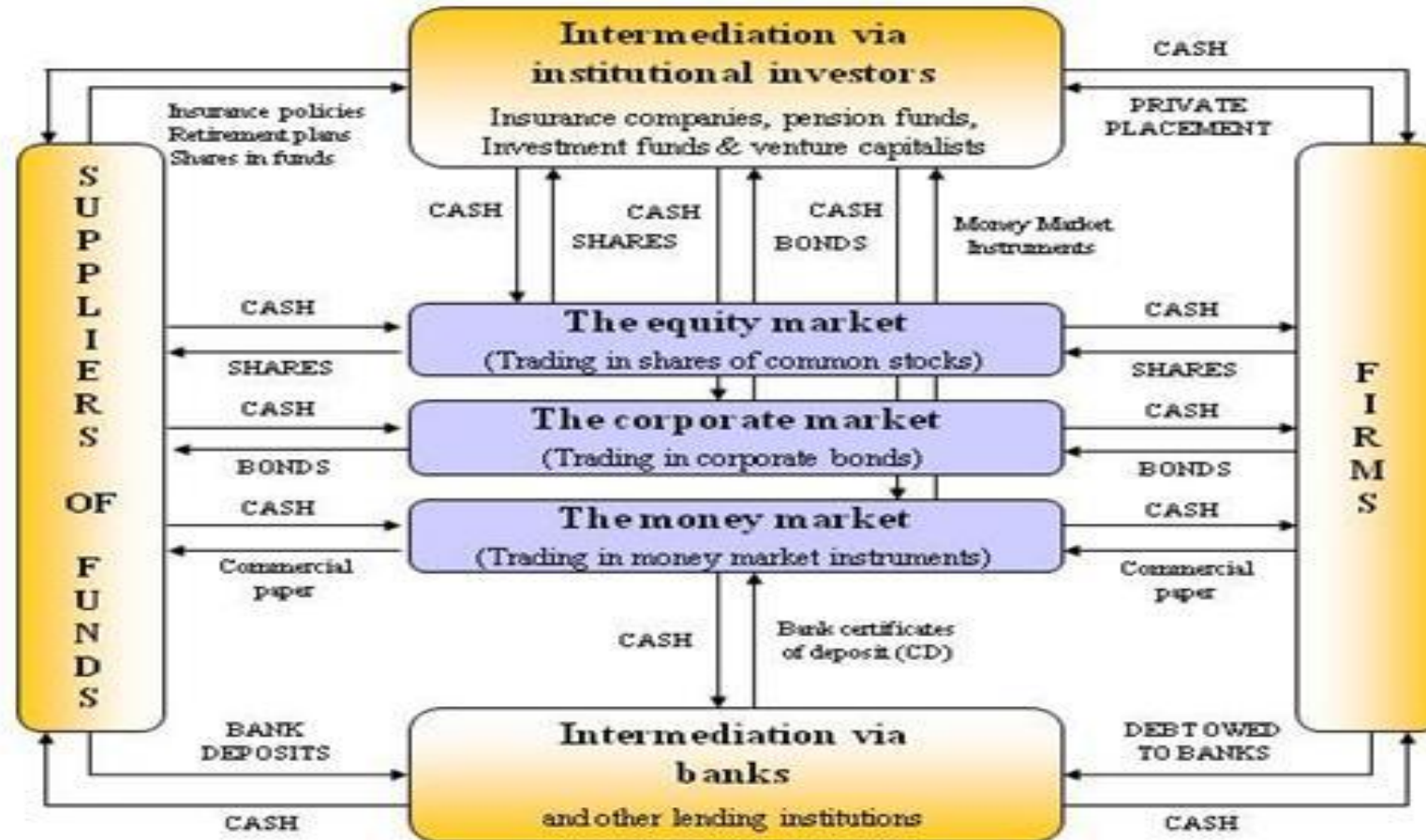
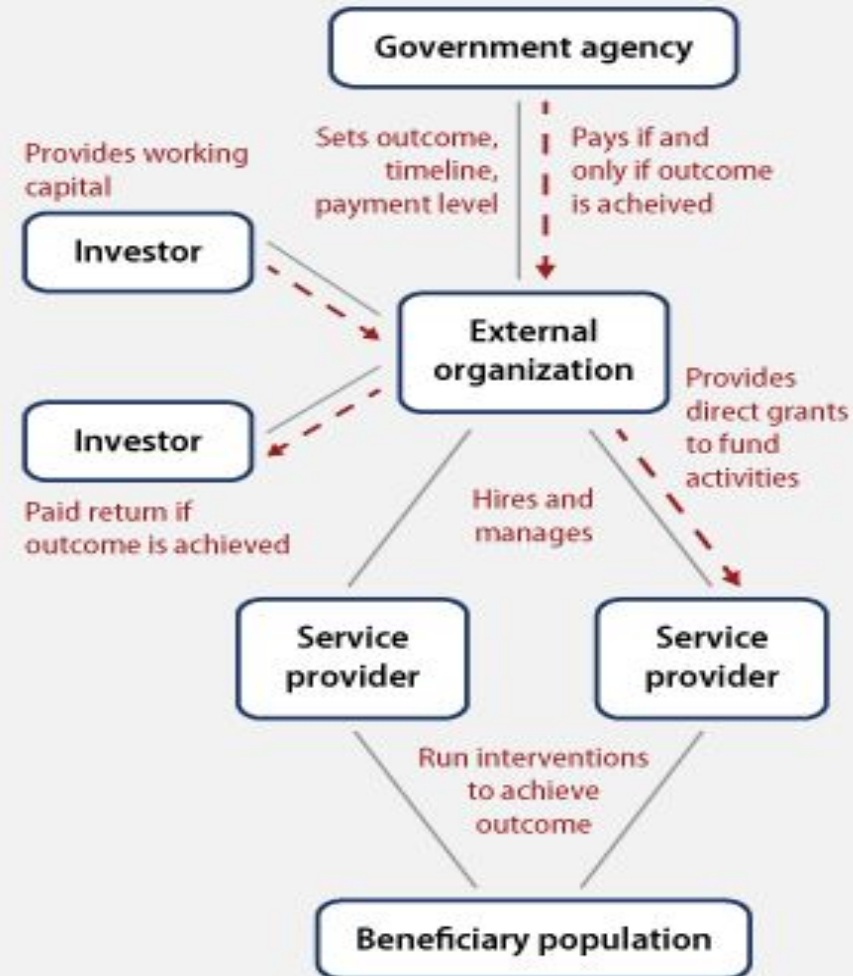
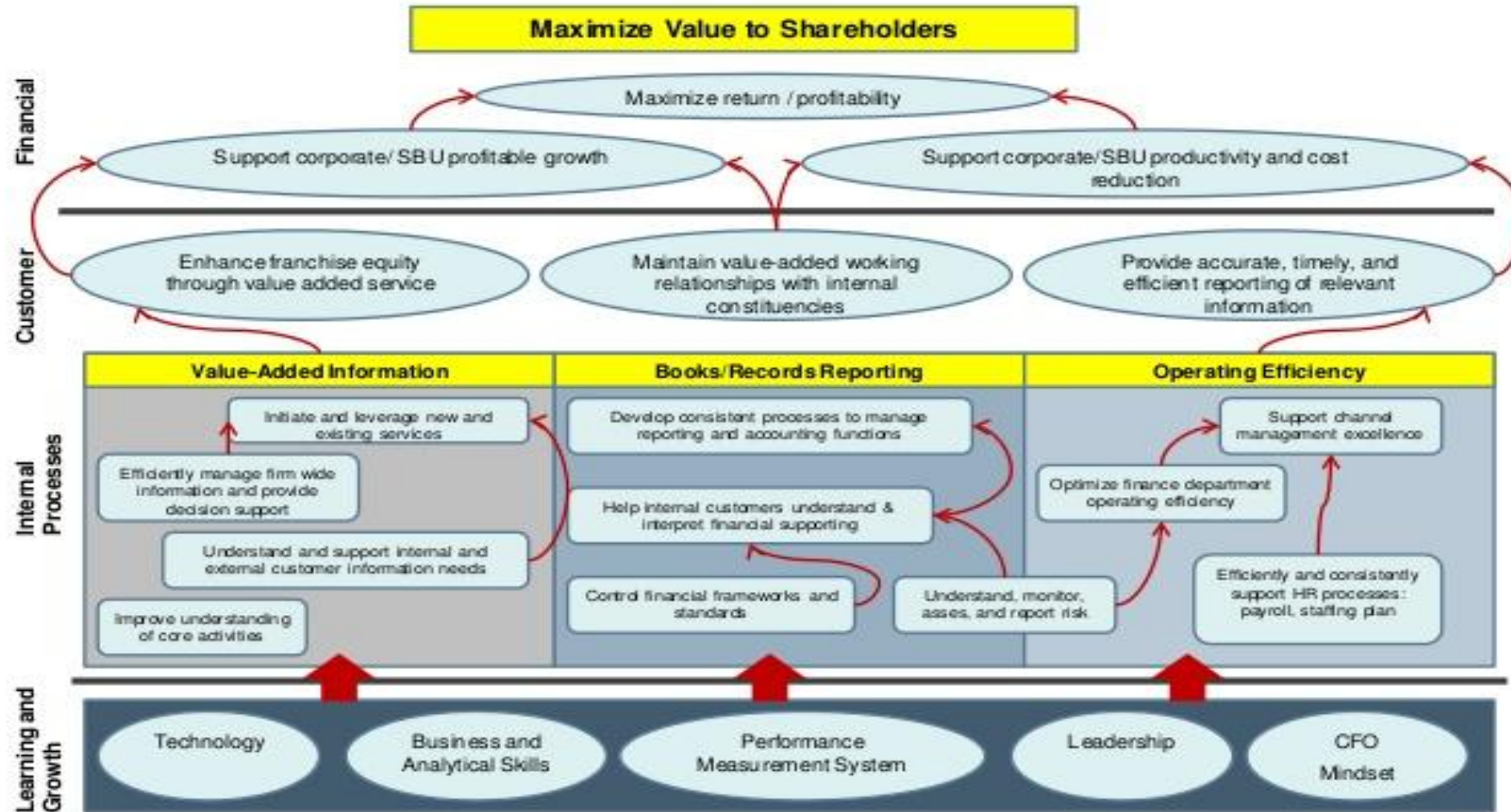


FIGURE 2
What is a social impact bond?

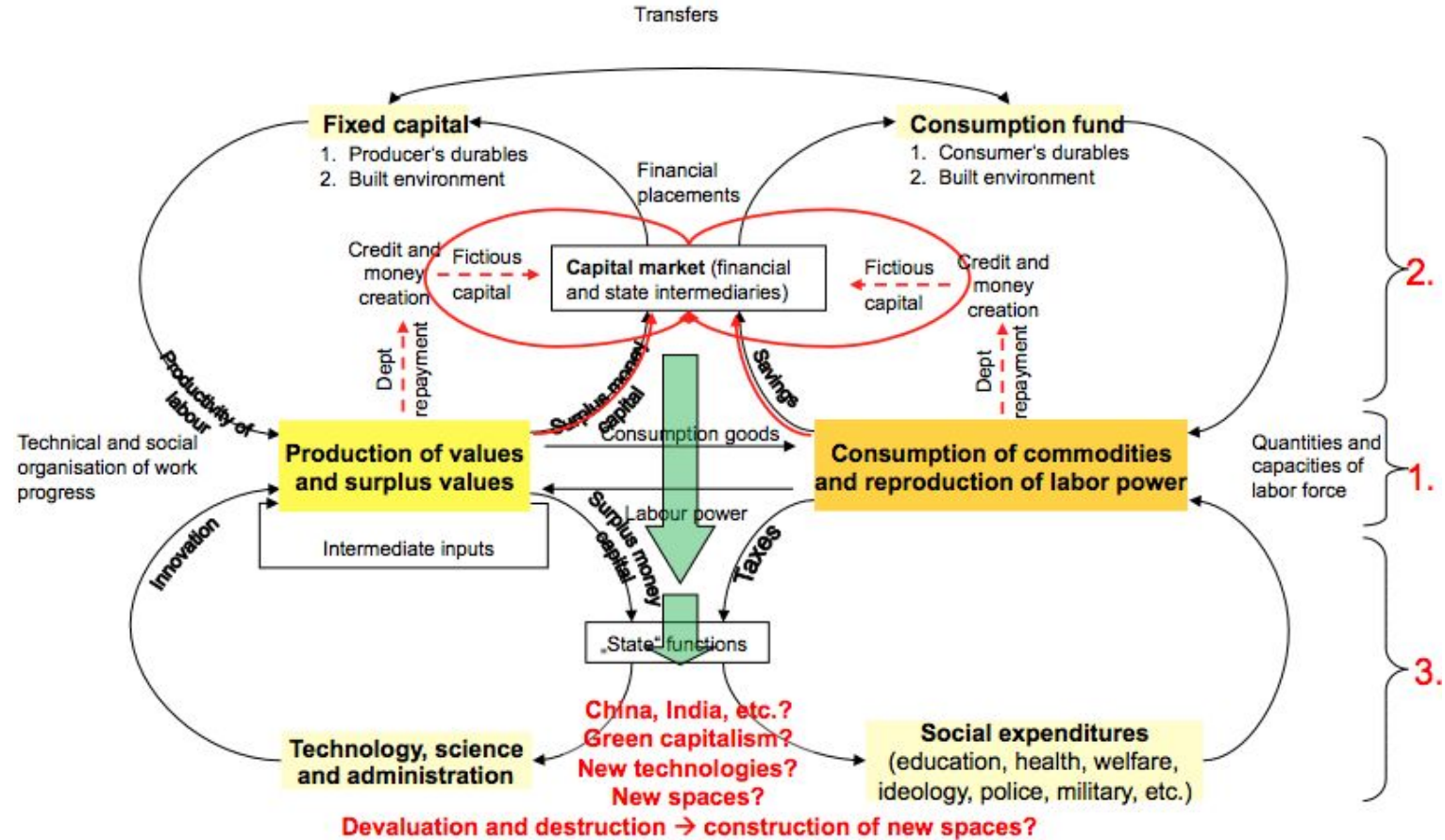


Finance Function Strategy Map



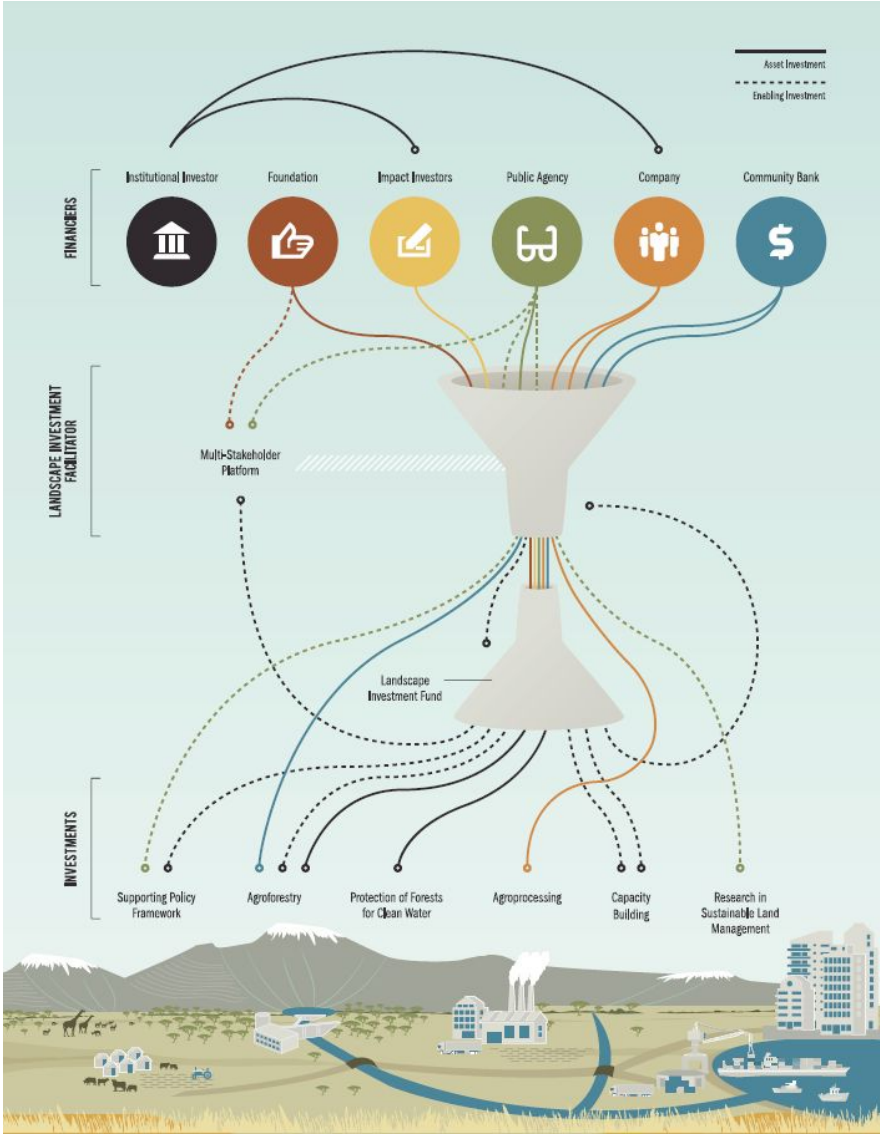
From Christian Zeller

The Paths of Capital Flow



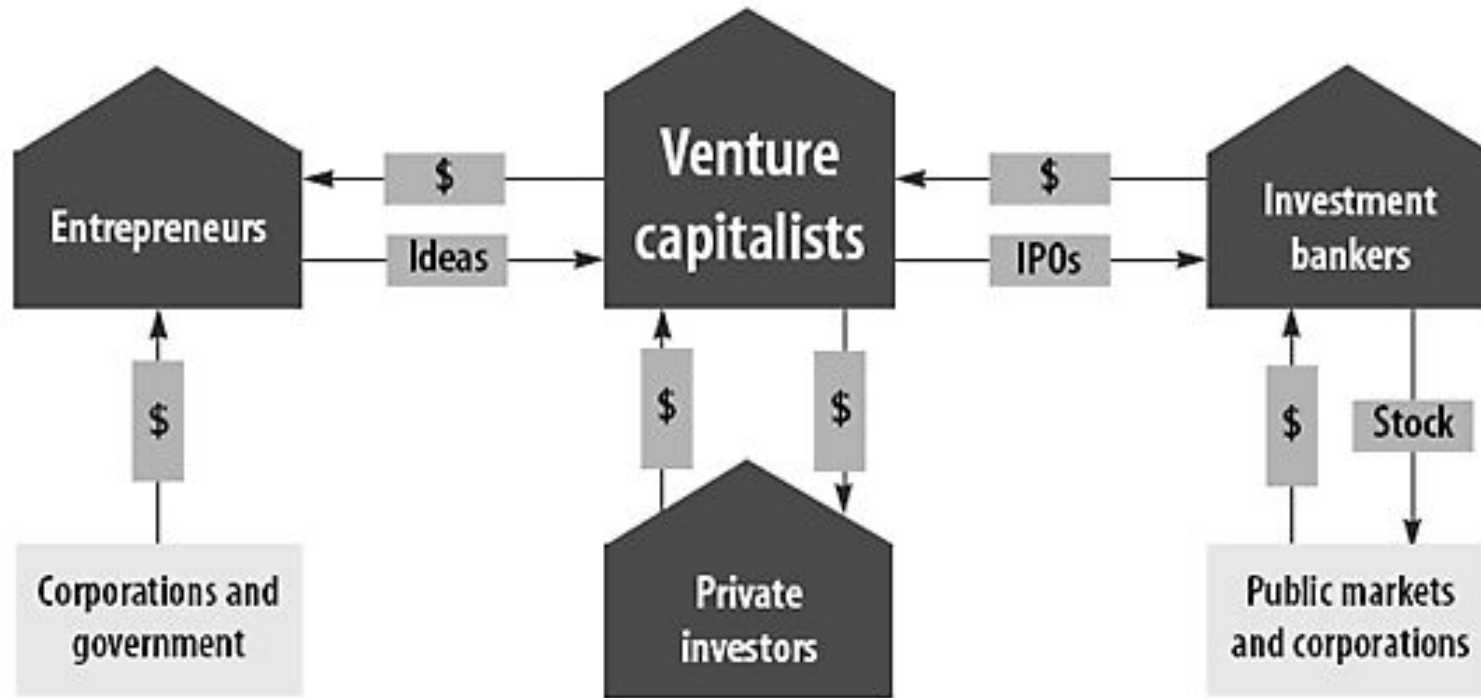
Quelle: modified based on Harvey (1982): The Limits to Capital. Oxford: Blackwell.

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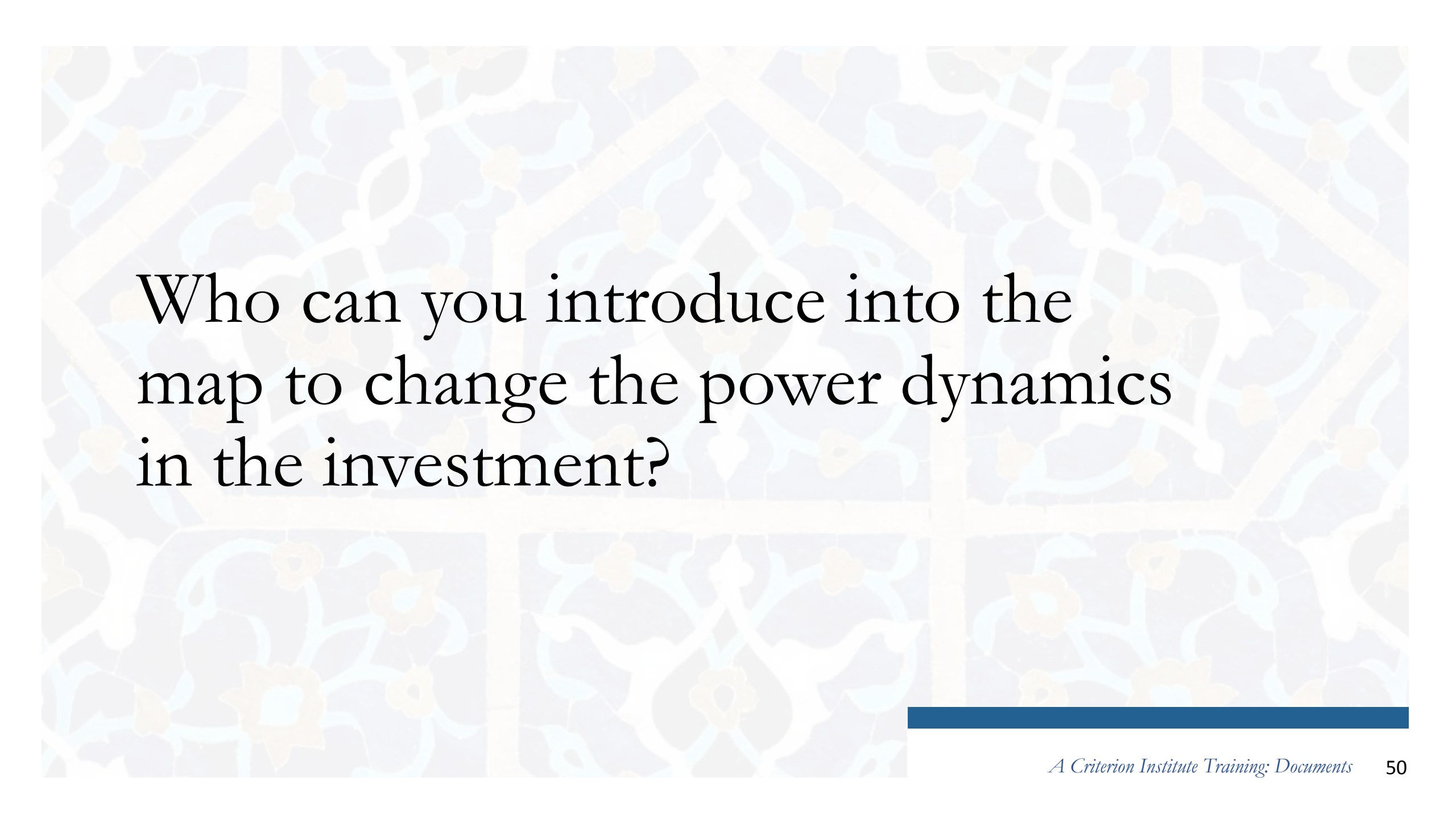
HOW THE VENTURE CAPITAL INDUSTRY WORKS

The venture capital industry has four main players: entrepreneurs who need funding; investors who want high returns; investment bankers who need companies to sell; and the venture capitalists who make money for themselves by making a market for the other three.



Review of Capital Maps

What power dynamics did you notice?



Who can you introduce into the map to change the power dynamics in the investment?

Instruments

How can we design instruments and vehicles that respond to the needs of the enterprises, not only the needs of capital?

Terms

- How can a gender analysis lead to more appropriate terms?
- How can terms shift power?
- What power do you need to define terms?

Documents

- Where is there power in the documents?
- How can changing the documents be subversive act?

Manage the Business of Investing

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Expand what **expertise is trusted** in investment decision-making and what processes are seen as valid approaches to making investments



Processes

Standard processes ensure that actors in finance are seen as valid. They work to keep power dynamics in place.

Processes — Criterion Institute

What are the specific shifts in process that can address power dynamics?

How do we create standards around doing investing differently?

Functions

- What functions in investing can you or your organization play?
- What expertise is valued in that function?
- What would need to shift so that your expertise is valued?
- How would you be paid for that function?

[Functional Roles — Criterion Institute](#)

Cost Factors

- How does it all translate to costs?
- When would we want to spend more?
- When can a shift in trust, reduce the cost?

[Cost Factors — Criterion Institute](#)

Be careful to align incentives with their perception of cost and risk.

Diversify a Portfolio

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Diversified Portfolio

Modern portfolio theory argues that an investment's risk and return characteristics should not be viewed alone but should be evaluated by how the investment affects the overall portfolio's risk and return.

MPT shows that an investor can construct a portfolio of multiple assets that will maximize returns for a given level of risk. Likewise, given a desired level of expected return, an investor can construct a portfolio with the lowest possible risk.

Based on statistical measures such as variance and correlation, an individual investment's performance is less important than how it impacts the entire portfolio.³

A diversified portfolio still means that every individual asset class still marks to the benchmark

This Requires Investor Intent



One of the assumptions of impact investing is that the investor is changing their **intent** around what they're going to accomplish with their investments



GIIN defines impact investments as: '**Investments** made with the intention to generate positive, measurable social and environmental **impact** alongside a financial return.'



Investor intent can be transformational as it pushes investment managers to respond to their desires. But it is also fickle. Intents change.

How can asset owners use their power?

- Be aware of their own power
- Ask questions and demand answers
- Move capital to new products or vehicles (early)
- Organize other asset owners in collective action
- Use philanthropy to support activism to shift the system

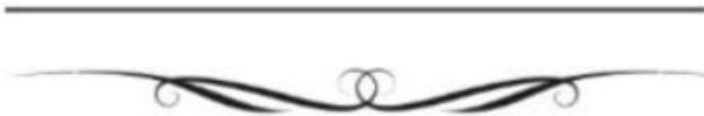
Who can you ask to use their power?



I PLEDGE

I WILL NEVER
AGAIN SAY

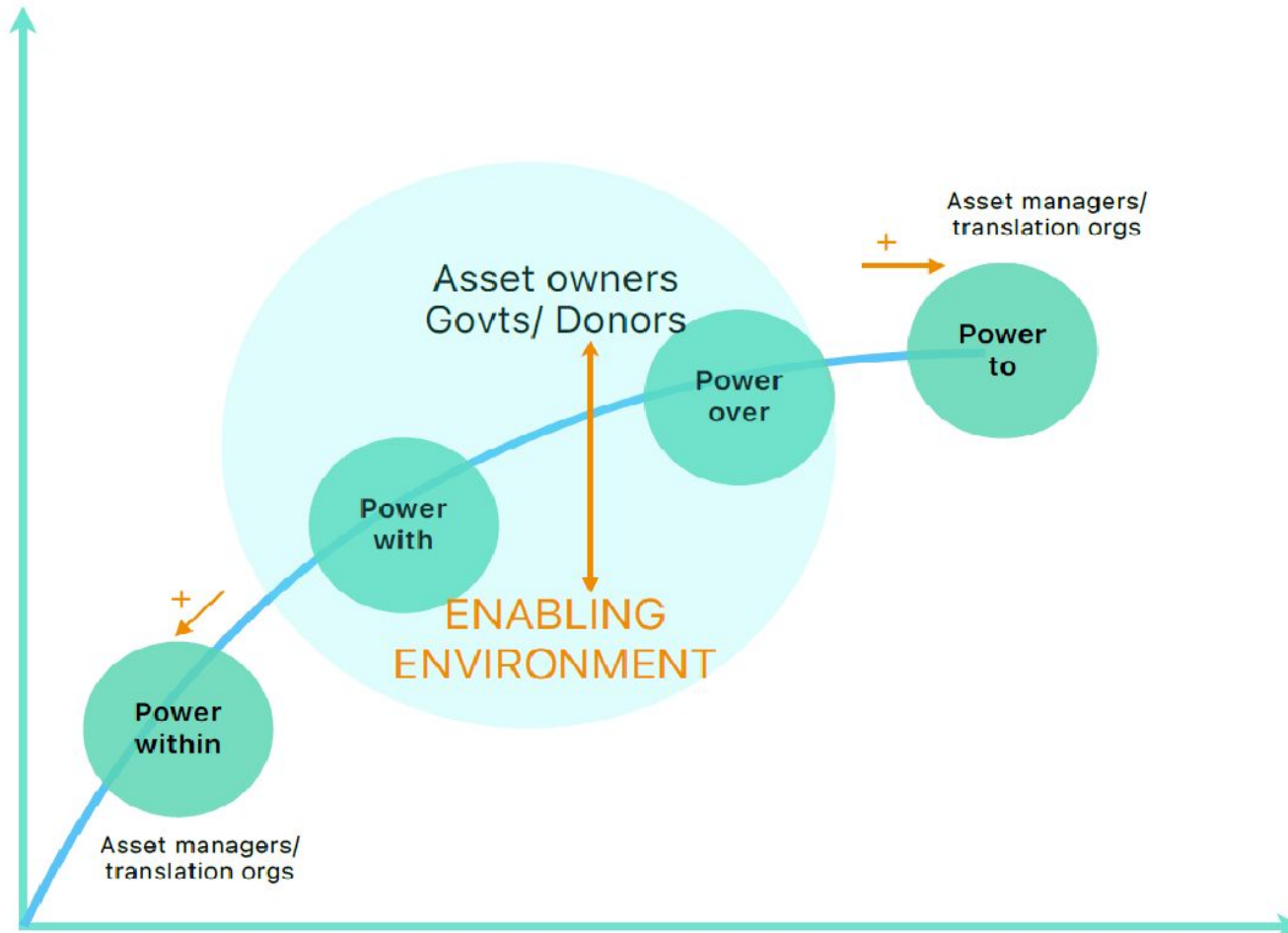
"I DON'T KNOW FINANCE."



Translation as a Function

1. **Structures** intentionally designed to enable meaningful coordination.
2. **Cultural norms** that value contributions of gender and finance and their intersection.
3. **Processes** for carrying out translation.
4. **Frameworks** that integrate gender and finance.
5. **Business models** that support the function.

The ARISE Project



An enabling environment so that Asset Owners, Government/Donors:

1. Understand best practices as critical functions in the system (e.g. translation).
2. Recognize their power and demand best practices.
3. Express will-to-act and influence their ecosystem to grow the market for best practices.

Closing

1. What are you taking away?
2. Do you see yourself or your organization in Translation?
3. Where do you want to stay involved with Criterion?

Thank You



Thank you for joining us!

It's a wrap on #ANDESouthAsia2023
Please don't forget to give us feedback.



**Katalyst
Labs**



**BETTER
STORIES**

n VENTURES

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