

DATA BRIEF

BLENDED FINANCE & GENDER EQUALITY

MARCH 2018



HIGHLIGHTS

- Closing the gender gap is an important means to achieving sustainable development and also a real business opportunity for investors. Given the need to mobilize additional sources of finance for the Sustainable Development Goals (SDGs), blended finance holds strong potential to increase the scale and impact of projects that empower women and girls.
- This Brief considers how blended finance approaches have been deployed to achieve gender equality, using [Convergence's database](#). To date, one quarter of blended finance deals have targeted – in full or part – women and girls (“gender-related deals”), with the majority of these gender-related deals having had a partial gender focus (i.e., secondary objective).
- Blended finance deals that have targeted health and education were the most likely to have a principal gender focus and deals targeting Asia were the most likely to have a principal or partial gender focus. Blended finance companies have been the most likely structures to have a gender focus and design-stage grants have been the most important blending archetype for gender-related deals.
- Gender-related deals have been relatively small, with the average deal size being only one-third that of the overall average. Despite the smaller deal (and often ticket) size, the private sector has been actively involved in these deals as both deal sponsors and investors. Approximately half of gender-related deals have had a private sector deal sponsor; commercially-oriented investors, including MDBs and DFIs, have accounted for two-thirds of investments.
- To date, blended finance deals have not integrated – or “mainstreamed” – gender in a comprehensive or standardized way. Blended finance has demonstrated the ability to mobilize additional financing for gender equality and should be integrated into the ‘Blended Finance 2.0’ agenda.

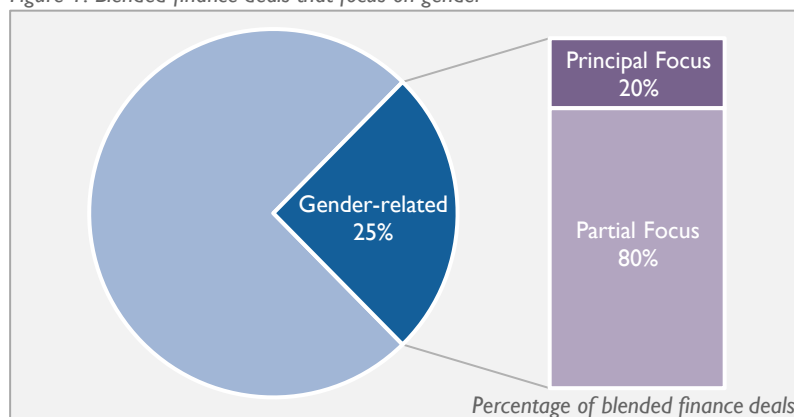
25% of blended finance deals have had a gender equality component (principal or partial) to date.

Women and girls represent one half of the global population, yet their potential remains largely untapped; only about half of working-age women are employed and women represent less than 37% of global GDP. Gender equity and women’s empowerment are both a goal and a means of achieving sustainable development, and have been a global priority since the Beijing Declaration and Platform for Action in 1995. Now, gender equality and women’s empowerment are entrenched in the Sustainable Development Goals (SDGs) and called out clearly in Goal 5 (*Gender Equality*).

This Brief considers how blended finance has been deployed to achieve gender equality and women’s empowerment (referred to as “gender” for simplicity) as a means to sustainable development. The [Convergence database](#) includes 100 blended finance deals that target – in full or in part – gender objectives. These deals (“gender-related deals”) represent an aggregate volume of \$11.4 billion of capital invested in developing countries, and account for 25% of all blended finance deals. Gender-related deals are diverse in size, deal type, region focus, sector focus, and blending archetype, reflecting the many ways gender objectives can be incorporated into blended finance approaches.

Convergence identifies two types of gender-related deals: i) gender is the principal focus and impact objective, ii) gender is a partial focus – gender is not the principal impact objective, but rather a secondary objective or implicit in other objectives. Gender is the principal focus for 20% of gender-related deals – these deals tend to focus either on women and girls exclusively or multiple vulnerable groups, and most commonly include microfinance and SME finance projects and programs. The majority (80%) of gender-related deals are those where gender is a partial focus. These deals may or may not include a stated gender-related objective, but track and monitor their impact on women and girls.

Figure 1: Blended finance deals that focus on gender



ANALYSIS

Blended finance deals in the health and education sectors have most frequently included a principal gender focus, but are far fewer in number

Gender-related blended finance deals have targeted a variety of sectors, with an emphasis on those that create opportunities for women (e.g., financial services and education) as well as provide services for women (e.g., energy and health). The largest proportion of deals with a principal gender focus by sector have been in the health (13%) and education (10%) sectors. Looking more broadly, 40% of blended finance deals targeting the education sector and 38% of deals targeting the financial services sector have had either a principal or partial focus on women and girls. Ultimately, both blended finance and gender are approaches, with broad potential application across multiple themes and sectors.

More than 40% of blended finance companies have had a principal or partial focus on women and girls

The largest number of deals with a gender focus have been blended funds (47 funds), but this reflects the large number of funds across blended finance to date. More notably, 42% of blended companies have had a gender focus (e.g., Nairobi Women's Hospital), with 10% of companies having had a principal focus on women and girls and 32% of companies having had a partial focus on women and girls. While the deal types with the heaviest incidence of a gender focus are impact bonds and bonds/notes, there were only two gender focused deals in these two groups combined. Blended facilities and projects have been relatively less likely to focus on gender to date.

Gender-related deals have been relatively small in size (i.e., total capitalization) and scale (i.e., number of target recipients)

To date, blended finance has mobilized \$11 billion for gender-related projects in developing countries, about 8% of the aggregate value of all blended finance deals to date. In terms of deal size, these blended gender deals vary from a \$2 million fund (e.g., Global Partnerships Microfinance Fund 2005) up to a \$1.5 billion food security program (e.g., Global Agricultural and Food Security Program). Blended gender-related deals are small relative to typical deals; the average size of a blended finance deal is \$320 million, while the average gender-related blended finance deal is \$114 million.

Blended finance deals in Asia were most likely to have a gender focus

By count, gender-related blended finance deals most commonly target Sub-Saharan Africa (40 deals) because the largest number of blended finance deals have targeted Sub-Saharan Africa. However, only 13% of blended finance deals targeting Sub-Saharan Africa have had either a principal or partial focus on gender equality. The largest proportion of deals with a gender focus have been in South Asia (30%) followed by East Asia and the Pacific (26%), with a number of examples that have launched in the last several years (e.g., Women's Livelihood Bond). At the country level, India (16 deals), Cambodia (6), Indonesia (5), and the Philippines (5) have been the target countries of the largest number of gender-related deals in South Asia and East Asia and the Pacific.

Figure 2: Proportion of deals with gender-focus by sector

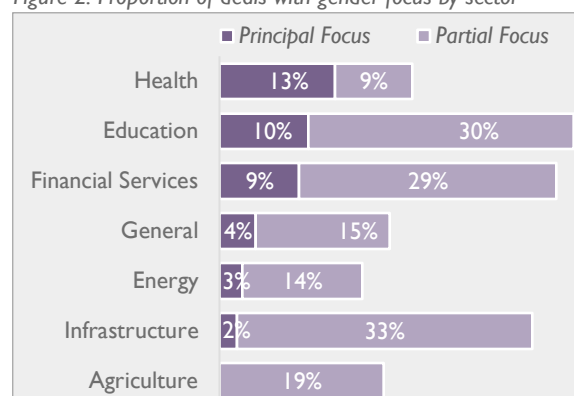


Figure 3: Proportion of deals with gender-focus by deal type

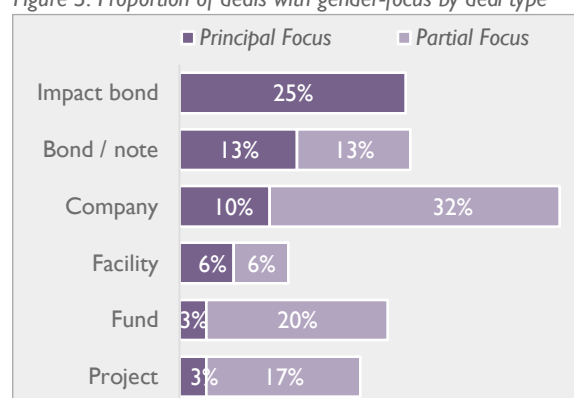


Figure 4: Deal size distribution, all deals vs. gender-related deals

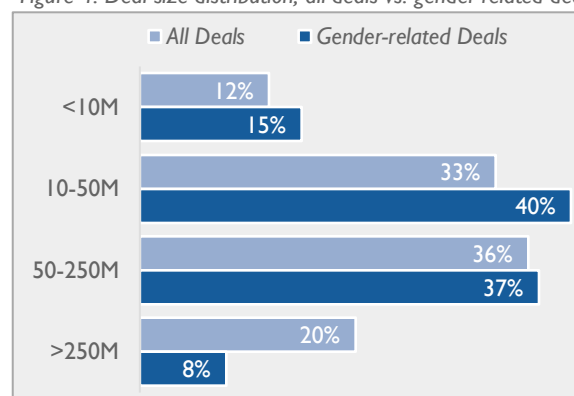
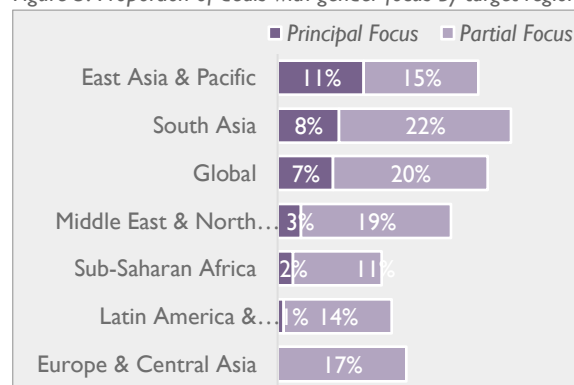


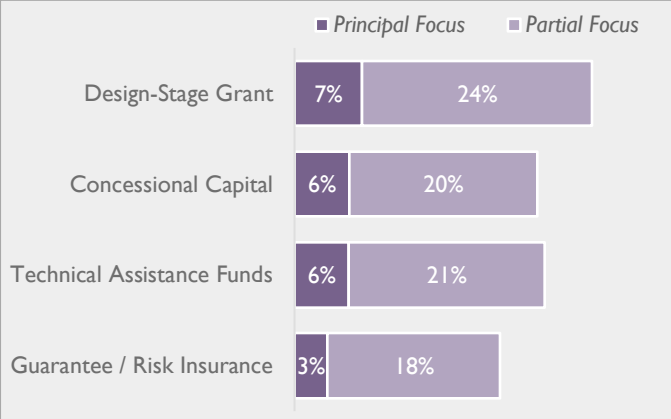
Figure 5: Proportion of deals with gender-focus by target region



Design-stage grants have been a relatively important instrument for blended finance deals for gender equality

Gender-related blended finance deals have been more likely to leverage design-stage grants, followed by technical assistance funds and concessional capital – although the spread in frequency across the archetypes is marginal. One-third of blended finance deals that benefitted from design-stage grant funding have had a gender focus. This may reflect the costs associated with establishing a gender assessment methodology for gender-related blended finance deals or developing a pipeline of women-led or owned businesses.

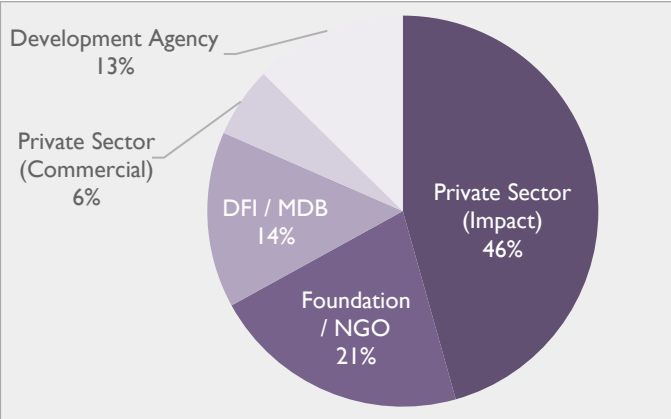
Figure 6: Proportion of deals with a gender focus by blending archetype



Nearly half of all gender-related deals have been sponsored by impact-oriented private sector sponsors

Impact-oriented private sector deal sponsors have accounted for 46% of gender-related deals (compared to 32% of all blended finance deals) and 55% of deals where gender is the primary focus. Gender equality is also an important theme for foundations and non-governmental organizations (NGOs), which have sponsored 21% of gender-related deals, relative to 12% of all blended finance deals. While DFIs have originated a relatively larger proportion of gender-related deals (21% versus 14% overall), commercial investors have originated a much smaller proportion (only 6% versus 20% overall).

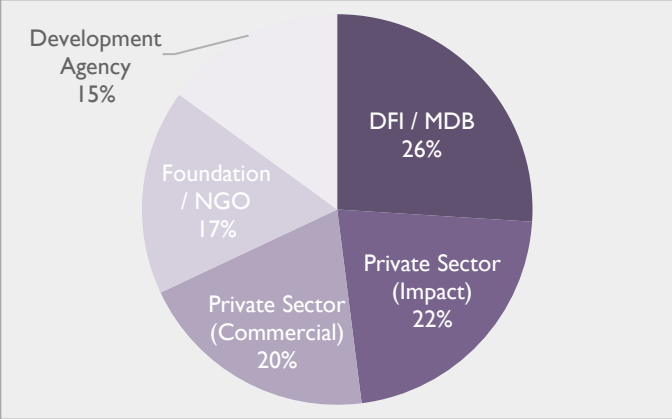
Figure 7: Percentage of gender-related deals by deal sponsor type



Commercially-oriented investors, including MDBs and DFIs, have had a strong appetite to invest in gender-related deals

Private sector investors have together accounted for 42% of investments to gender-related blended finance deals. This mirrors the appetite of commercial investors for Goal 5 (*Gender Equity*) identified in our [SDG data brief](#). DFIs and MDBs have accounted for 26% of investments to gender-related deals and 52% of investments to deals where gender is the principal focus. International Finance Corporation (IFC), United States Agency for International Development (USAID), and Overseas Private Investment Corporation (OPIC) have been the top three capital providers to gender-related deals.

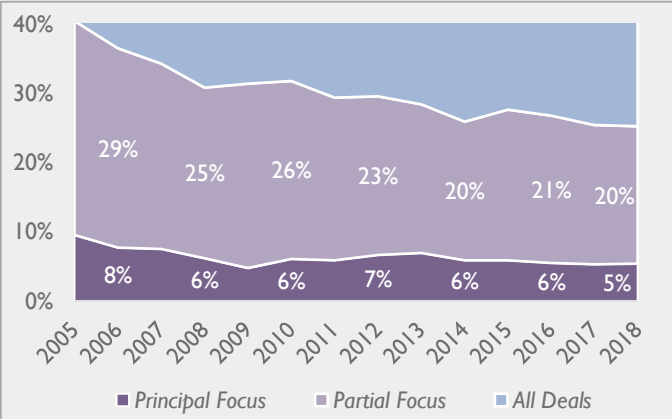
Figure 8: Percentage of investments in gender-related deals by investor type



Blended finance deals have not integrated – or “mainstreamed” – gender in a comprehensive or standardized way to date

Blended finance has demonstrated the potential to mobilize additional sources of financing for Goal 5 (*Gender Equality*), including from the private sector, but there has not been clearly established momentum to date. This largely mirrors broader trends: analysis from the Organisation for Economic Cooperation and Development (OECD) revealed that 4% of bilateral aid has been dedicated to gender equality as a main objective. To standardize and scale, gender mainstreaming should be integrated into the ‘[Blended Finance 2.0](#)’ agenda.

Figure 9: Proportion of gender-related blended finance deals over time



REFLECTIONS

Ambitious financing is required to achieve gender equality and empower women and girls, in line with Goal 5 (*Gender Equality*) of the SDGs. While these aspirations will take significant efforts from government and local civil society, the importance of private sector engagement in advancing women's economic empowerment cannot be overstated. Indeed, the private sector is required as both an investor in and an implementor of gender equality and women's empowerment. Moreover, gender equality presents a real business opportunity for the private sector. By closing gender gaps, the private sector can improve corporate performance, lower costs, and increase productivity, as well as unlock new market segments.

Yet both blended finance and gender mainstreaming are a means to an end, not ends in themselves. Blended finance is one tool for mobilizing additional sources of financing to increase the scale and impact of projects that promote gender equality and/or the empowerment of women and girls (e.g., by aggregating small-scale investments to offer larger ticket sizes to institutional investors). Blended finance approaches can be deployed across diverse sectors and geographies, including areas where there is strong alignment with gender equality (e.g., financial inclusion, access to water and sanitation). In the same vein, gender mainstreaming is a useful framework for evaluating and structuring development interventions, but ultimately relies on a series of underlying activities. Practitioners should beware of the potential for “gender-washing” in projects seeking to attract funding.

Blended finance has demonstrated the ability to mobilize additional financing for gender equality, but, to date, blended finance deals have not mainstreamed gender in a comprehensive or standardized way. Blended finance is an evolving approach and gender mainstreaming should be integrated into the ‘Blended Finance 2.0’ agenda, including:

- specific attention to the legal, political and societal barriers women face;
- mandatory gender-disaggregated reporting to monitor whether women are benefitting; and
- learning and sharing within and across projects and programs as well as with the development community at large.

METHODOLOGY AND NOTES

1. **Scope of available data:** This brief analyzes 100 blended finance transactions that have demonstrated alignment with Goal 5 (*Gender Equality*). Convergence codes the alignment of each blended finance transaction captured in the database, mapping stated impact objectives to SDG sub-goals / targets. This dataset may be missing blended finance transactions with limited publicly-available information (i.e., incorrectly misclassified as not gender-related).
2. **Definition of gender-related blended finance:** For the purposes of this analysis, gender-related blended finance is defined as targeting implicitly or explicitly Sustainable Development Goal (SDG) 5 (*Gender Equality*). Convergence identified two types of gender-related blended finance deals: those where gender was i) a principal focus, or ii) a partial focus.
 - **Principal gender focus:** Gender deals with a principal focus explicitly targeted females as their only or primary (more than 50%) target beneficiary (ies).
 - **Partial gender focus:** Gender deals with a partial focus identified gender as an implicit or secondary objective, targeting less than 50% female beneficiaries.
3. **Gender mainstreaming:** For the purposes of this Brief, gender mainstreaming refers to an approach / framework for promoting gender equality and women's empowerment. The United Nations defines gender mainstreaming as “The process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetrated. The ultimate goal is to achieve gender equality.” Read more [here](#).

ABOUT CONVERGENCE

CONVERGENCE is the global network for blended finance. We generate blended finance data, intelligence, and deal flow to increase private sector investment in developing countries.

BLENDED FINANCE uses catalytic capital from public or philanthropic sources to scale up private sector investment in emerging markets to realize the SDGs.

Our GLOBAL MEMBERSHIP includes public, private, and philanthropic investors as well as sponsors of transactions and funds. We offer this community a curated, online platform to connect with each other on blended finance transactions in progress, as well as exclusive access to original market intelligence and knowledge products such as case studies, reports, trainings, and webinars. To accelerate advances in the field, Convergence also provides grants for the design of vehicles that could attract private capital to global development at scale.

www.convergence.finance