Gender Scan

BIO Portfolio
Financial Institutions

April 2021

Belgian Investment Company
For Developing Countries

BIO
Investing
in a Sustainable Future

BIO's mission

To support sustainable and inclusive economic growth in developing countries by investing in the private sector in these countries, thereby contributing to the realisation of the Sustainable Development Goals. Through each of its interventions, BIO aims to achieve a positive developmental impact.

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1. Introduction

Recognising that gender inequalities are a barrier to sustainable and inclusive development, DFIs like BIO have stepped up their efforts to achieve SDG5 - Gender Equality. The private sector has a key role to play in supporting the engagements of the Belgian Development Cooperation [1] to speed up progress in this domain. In this framework, BIO has recently adopted a Gender Strategy, defining a set of necessary actions to create and promote economic opportunities and capacity building for women.

BIO is committed to wearing a gender lens to examine the challenges women face in their interaction with the private sector and the impact of BIO's activities on gender equality. This includes considering women in their various roles of leaders, entrepreneurs, workers, users, consumers and community members stakeholders.

Concretely, BIO has set the following objectives[2]:

- **Ensure that gender equality is considered in the assessment and monitoring of every investment project;**
- **Support and promote equal access of women to products and services;**
- **Strive to develop a gender-sensitive company and project ecosystem on all levels.**

As part of the effort to assess gender equality, BIO decided to run a gender scan of the Financial Institutions (FIs) in its portfolio. These represent about two-third of BIO's direct investments and involve most of the leaders, entrepreneurs, workers, and consumers impacted by BIO. Therefore, there is a huge potential to improve gender equality by working with these FIs. The objective of this survey is to better understand where our clients stand in terms of gender equality, to raise their awareness about the topic and to find out to which extent BIO could further support them in promoting gender equality. In this report we present the main results of this process.

In parallel, BIO signed up to the "2X Challenge", an ambitious target that calls on DFIs to mobilise funds[3] that will support the advancement of women as entrepreneurs, as business leaders, as employees and as consumers through products and services that enhance their economic participation. Since the beginning of 2020, BIO assesses all new projects against the 2X criteria and

[1] diplomatie.belgium.be/sites/default/files/downloads/Le-genre-dans-la-Cooperation-belge-au-developpement.pdf
[2] www.bio-invest.be/files/BIO-invest/Our-Impact/Gender/GenderStrategy_LR.pdf
[3] The 2X Challenge has committed and mobilised $4.5 billion in capital so far, exceeding the initial target of $3 billion.

tracks progress over time. For consistency with this international benchmark on gender finance [4], the 2X criteria were used as an anchor for this gender scan of BIO's financial institutions portfolio.

Figure 1 below summarises the four dimensions of the 2X challenge for direct investments that were covered in this survey: entrepreneurship, leadership, employment and consumption.

Figure 1 - - 2X dimensions and qualifying criteria

			Criteria	Threshold
Direct	1	Entrepreneurship	1A. Share of women ownership	51%
			OR	
			1B. Business founded by a woman	Yes/No
			---------OR---------	
	2	Leadership	2A. Share of women in senior management	20-30%
			OR	
			2B. Share of women on the Board or IC	30%
			---------OR---------	
	3	Employment	3A. Share of women in the workforce	30-50%
			AND	
			3B. One “quality” indicator beyond compliance	Yes/No
			---------OR---------	
	4	Consumption	4. Product or service specifically or disproportionately benefitting women	Yes/No
			---------OR---------	
Indirect	5	Investments through Financial Intermediaries	*On-lending facilities*: Percent of the DFI loan proceeds supporting businesses that meet direct criteria	30%
			OR	
			Funds: Percent of portfolio companies that meet the direct criteria	30%

2. Survey Design

To assess the FI portfolio, BIO developed an in-house gender questionnaire in three languages (English, French and Spanish). Questions in the survey were divided into two groups, based on the component of the activity involved: (i) Human Resources and (ii) Business model. The questions were introduced in an online tool for data collection and the links were sent to the FIs by e-mail.

The clients were recommended to address the questions by two different people of the organisation. The first set of questions (i) was addressed to the head of HR or equivalent, and the second set (ii) to

4 DFIs from Canada (FinDev Canada), Denmark (IFU), Finland (Finnfund), France (Proparco), Germany (DEG), Italy (Cassa Depositi e Prestiti – CDP), Japan (JBIC and JICA), Netherlands (FMO), Sweden (Swedfund), Switzerland (Sifem), the United Kingdom (CDC) and the United States (Overseas Private Investment Corporation – OPIC).

the director/business manager or the CEO. This approach was to make sure that the persons responding were the ones that had the best overview and knowledge of their institution regarding HR management and operations, respectively.

All 46 FIs in BIO's 2019 portfolio[5] were asked to participate in this gender scan and 39 completed the survey, i.e., a **response rate of 83%**[6]. Among the respondents, there were 20 microfinance institutions (MFIs – institutions providing microloans), 11 commercial banks (institutions providing all banking services, but which are usually ring-fenced to SME loans) and 8 non-banking financial institutions (NBFIs – institutions mainly providing leasing microloans)[7].

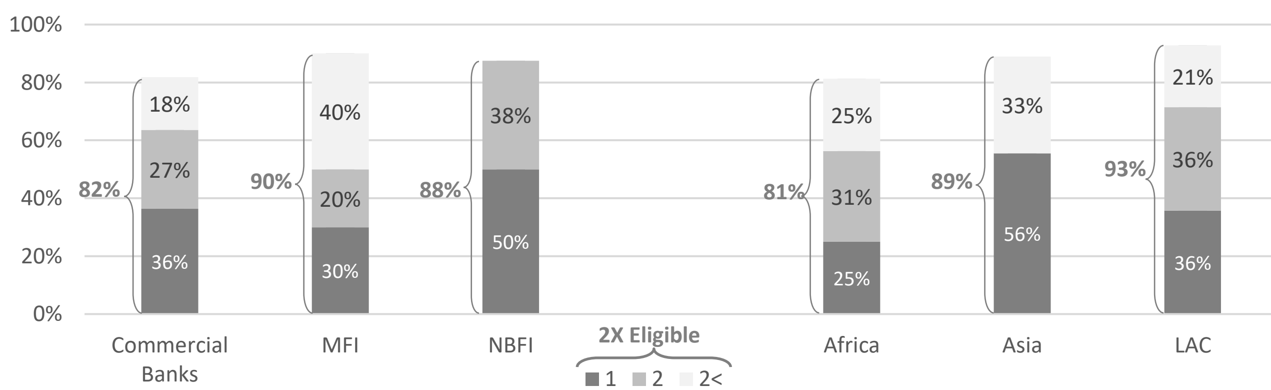
All the information on the number of FIs considered in the analysis and their 2X performance can be found in **Annex** to this report**.**

3. Global results

The first striking result from this gender scan relates to how financial institutions in BIO's portfolio perform well regarding basic 2X eligibility. Nine out of ten of the surveyed institutions – 34 out of 39 – qualify as 2X, corresponding to a total of EUR 252,108,701 mobilised towards the 2X challenge. Moreover, 6 FIs qualify in more than 2 dimensions and 5 FIs in 2.

As shown on Figure 2, the 2X eligibility varies across the different types of Financial Institutions that are financed by BIO.

Figure 2 - 2X qualifications by type of institution and region



Taking these differences into account, MFIs in BIO's portfolio appear as the gender champions in terms of qualifications, since **18 out of 20 are 2X, 8 of which qualify in more than two criteria**.

5 It should be noted that BIO sometimes invests in different institutions within the same group. Although two institutions are not actually BIO's clients at an individual level it was decided to include them regardless, since they are part of the group in which BIO invests and the info they have provided is interesting.

6 A couple of FIs did not respond, while others were exempt from the survey as they were in financial difficulties

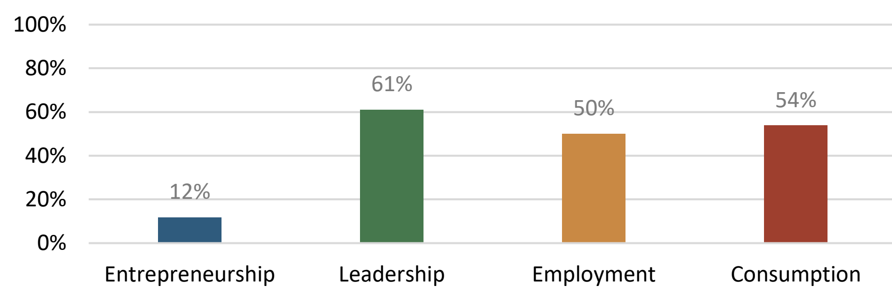
7 One of the institutions only replied to one questionnaire.

Looking at **NBFIs, 7 out of 8 qualify,** but **none** qualifies in more than two dimensions. Finally, **9 out of 12** commercial banks surveyed **are 2X compatible, 2 of which qualify in more than two criteria.**

In addition, Figure 2 shows the number of qualifying criteria per region. The proportion of FIs that qualify is quite similar across regions: 93% of FIs are based in the LAC, 89% in Asia and 81% in Africa.

Looking into each one of the 2X dimensions, Figure 3 below shows that the dimension in which FIs qualify the most is **leadership (22 FIs**) – specifically on the senior management criterion. Second comes **consumption (21 FIs),** followed closely by **employment (19 FIs). Entrepreneurship** is by far the lowest dimension, with only **4 institutions** reaching the threshold. This can be explained by the lack of data/knowledge on female ownership/shareholding and by the difficulties faced by women entrepreneurs.

Figure 3 - Qualifications by 2X dimension (39 financial institutions) [8]



The Entrepreneurship section covers the ownership of the FI itself, whereas the Consumer section covers the clients of the FIs (more details in **6.1 Entrepreneurship**).

While it would be interesting to benchmark the performance of BIO's FI portfolio with that of other DFIs or the other types of investment projects such as in SME's, infrastructure or funds, this information is unfortunately not available.

If deemed useful and relevant, a similar exercise could be for the other components of BIO's portfolio, such as in SME's, infrastructure or funds. For now, however, the only internal comparison that can be made is with the projects assessed in 2020. Out of the 14 new projects assessed with a gender lens in 2020[9], across all sectors, 11 qualify as 2X.

4. Limitations of the 2X criteria

The 2X criteria are useful when looking systematically at a limited number of pertinent criteria on gender. However, having many women in the workforce or having a product benefiting women do not necessarily imply awareness of gender inequality and a positive contribution to achieve equality.

[8] Please note that in each dimension only the projects for which BIO received the information were considered. Please see in Annex for more details.

[9] Only final approved projects are considered in here even if others were assessed.

No country is expected to reach gender equality until 2030[10], and likewise, there is no such thing as a gender champion in all gender equality related aspects. Very few institutions are doing well in all the dimensions, there are always points that can be improved. Additionally, the intentionality behind each criterion should also be **considered to ensure that the 2X qualification is a deliberate choice of the institution, rather than a coincidence**. Otherwise, a positive figure can quickly revert.

As proof of these limitations, 3 financial institutions in the BIO FI portfolio are eligible in all the 2X criteria – an MFI in North Africa, an MFI in Southeast Asia and a commercial bank in South Asia – analysis revealed that these institutions are not role models in terms of policies and practices. Some of them have biases in the recruitment process preferring to hire men or women to specific positions; or do not have grievance procedures to address issues such as sexual harassment and discrimination; or provided a low percentage of training to women in 2019. These aspects show that it is necessary to have an assessment that goes beyond the 2X challenge to identify weaknesses and potential improvements.

The limitations of the 2X challenge criteria were taken into consideration for this study, which included additional questions especially on the qualitative side, to reach a more complete view.

5. Opportunities for Technical Assistance

Through additional questions, this survey was also a means to raise awareness within the surveyed institutions and aims at looking for opportunities to improve gender FIs practices. For instance, the institutions were asked whether they already worked on gender equality or if they would be open to do so; how they perceived gender equality in their region and inside the institution itself.

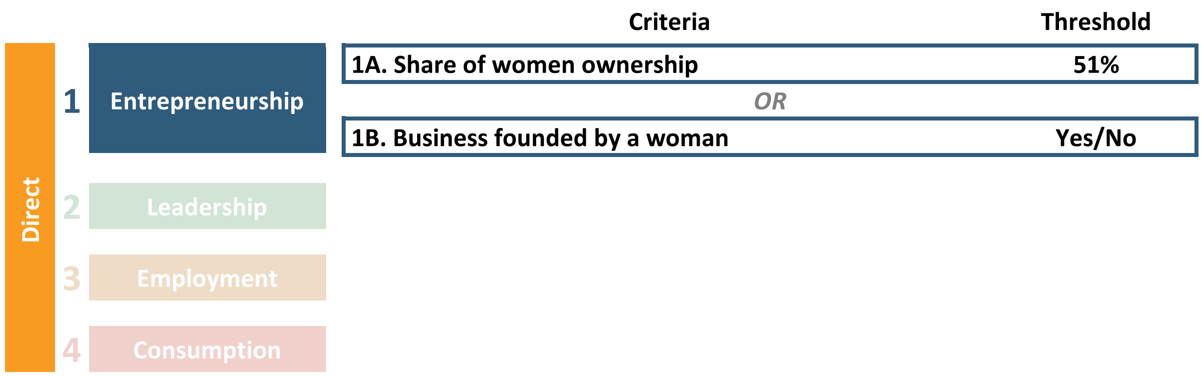
The organisation of leadership training, the development of a gender strategy and support with recruitment, i.e., finding talented women for leadership positions, were some areas FI's indicated they would like to focus on.

[10] www.weforum.org/agenda/2019/06/there-isnt-a-single-country-on-track-to-make-the-uns-targets-for-gender-equality/

6. Survey results

6.1. Entrepreneurship

Figure 4 - - 2X dimensions and qualifying criteria - Entrepreneurship



The discussion in this chapter focuses on the role of international investors as BIO to support FIs that are founded or owned by women entrepreneurs. For sake of clarification, this section refers to women who own a large company (entrepreneurship) and the "consumer" on borrowers of the FIs.

Women entrepreneurship is an important societal issue since it goes beyond who owns the shares and who inherits the money. It is about who controls the companies and who has the power to take decisions and, at the end, who controls the world. Having women at the forefront of the economic power means having other role models and, most likely, changing the rules of the game. Because of gender norms (including power dynamics) and heritage transmission, the ratio of male versus female owned largest companies in the world is striking: for every female billionaire, there are 8.4 male billionaires[11] and the percentage of female billionaires tends to decrease with time.

It is not always possible to ascertain the current state of affairs, let alone a straightforward way to increase the number of companies in the financial sector founded or owned by women.

For starters, information on founders and owners is not always readily available. This is attested to by the fact that a significant amount of the respondents of this survey did not know if their organisation were founded or owned by women.

Secondly, historically, the financial institutions owned or founded by women were often family businesses, where the woman was appointed by family members or inherited the business[12]. In some cases, even if their names were associated with ownership, women were prevented from taking an active role because of gender norms.

[11] fortune.com/2016/08/08/female-billionaires-entrepreneurs/

[12] www.natwestgroup.com/heritage/subjects/women-in-banking.html

6.1.1. 2X eligibility

The 2X Eligibility Criteria for Entrepreneurship requires FIs to have a woman founder that maintains an active role[13] or, alternatively, to have at least 51% of the institution's shares owned by women.

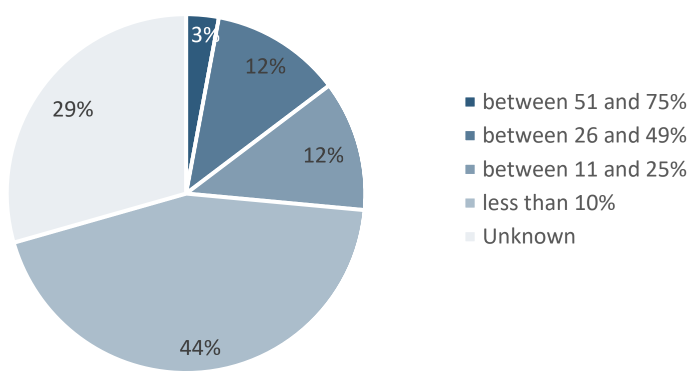
Globally, **4** out of the 38 surveyed institutions qualify.

Regarding the first qualifying aspect, **4** have women founders that maintain an active role: 3 MFIs - based in East Africa, North Africa (for which the founding woman is also the owner) and Southeast Asia – and a commercial bank in South Asia. In terms of region, Asia and Africa have 2 institutions each, whereas LAC has no institutions founded by women (Figure 5).

Figure 5 - Institutions with a woman founder that maintains an active role - by type of institution and region

The second criterion is to have at least 51% of the institution's shares owned by women. Only **one** institution qualifies: an MFI based in North Africa. **Figure 6 below** shows the percentage of women ownership of the surveyed institutions: **3 FIs** have women ownership between 26%-49%, **4 FIs** between 11%-25% and most of the surveyed institutions (**15** of them) replied that less than 10% of the structure is owned by women. It is worth noting that a significant part of the respondents (**11** of them) did not know the percentage of women ownership.

Figure 6 - Female Ownership of the business



[13] This was a yes/no question that did not include precision on the name and the current function of the woman.

6.1.2. Role towards supply chain

Looking beyond the ownership structure of the FIs themselves, institutions can play a decisive role by using a gender lens on their suppliers, including the consideration of whether they are owned by women.

Almost all institutions reported that they do not consider gender equality at supplier level. While this does not provide many insights about actual gender equality in the supply chain, it likely contributes to the fact that, according to UN Women, less than 1% of the large businesses' supplier budget worldwide was spent in women-owned businesses in 2017[14]. Interestingly, **one** microfinance institution (based in Western Africa) tracks if suppliers are gender equal and takes gender into consideration when choosing its suppliers. This client indicated that it works with less than 10% of suppliers that are more gender equal[15].

In practice, gender equality at supplier level could be achieved through the collection of sex-disaggregated data at supplier level or by adding a specification to the internal code of conduct that all suppliers should apply equally high standards as themselves on gender equality and non-discrimination. Building a skilled supplier base through business education and networking opportunities are additional measures that can strengthen the women supplier base. This could also have the added benefit of expanding and diversifying the supply chain.

Next steps for BIO

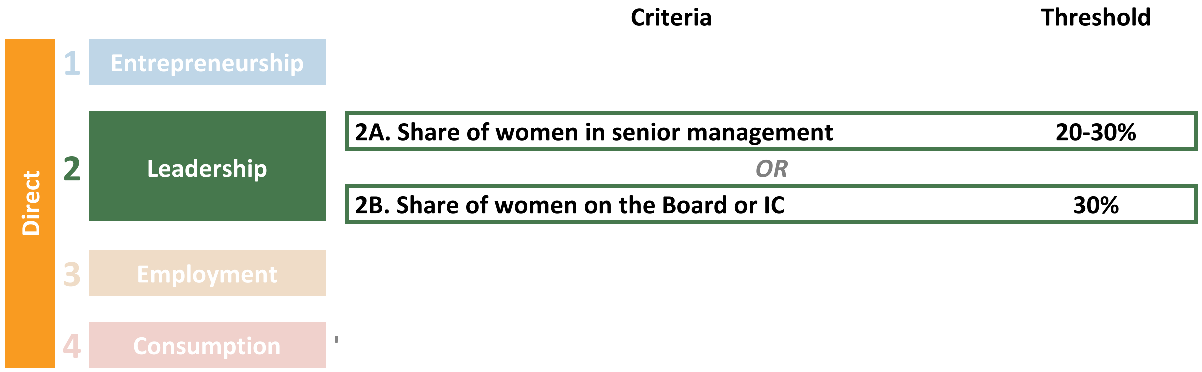
Societal changes are needed to increase the number of women owning and founding financial institutions, such as a more gender equal socialisation and education of boys and girls. Moreover, founding or owning a financial institution requires a large amount of (inherited) money and it is not something that is done on an individual but rather on a familial or group level. Regardless of these considerations, however, BIO could contribute in the following ways:

- **Encourage FIs to collect sex-disaggregated data** on female ownership/shareholding in the sector since one of the main obstacles to work on gender equality is the lack of data.
- **Raise awareness** on the importance of having women shareholders/owners, which can bring diversity[16] to the table and act as role models.
- **Encourage FIs to look into their supplier base** and source more from women entrepreneurs.
- **Increase the prospection of women owned/founded FIs** and build partnerships with organisations that connect women-owned businesses with investors to potentially find business opportunities, such as We Connect[17].

14 www.unwomen.org/en/digital-library/publications/2017/3/the-power-of-procurement
15 Company owned by women; employing mainly women; or with a progressive policy towards women.
16 With an intersection of other characteristics such as age, race, nationality,…
17 weconnectinternational.org/who-we-are/

6.2. Leadership

Figure 7 - - 2X dimensions and qualifying criteria - Leadership



According to the Boardroom Africa[18], women make up only 6% of all board members in Latin America, 10% in Asia-Pacific, 14% in Africa and 18% in Europe. Frequently, due to conscious and unconscious bias, the recruitment and promotion processes hinder the access of more women to high positions. The glass ceiling (or vertical segregation) is composed of invisible and generally artificial barriers that prevent qualified women from reaching top management positions in the corporate world and from reaching their full potential.

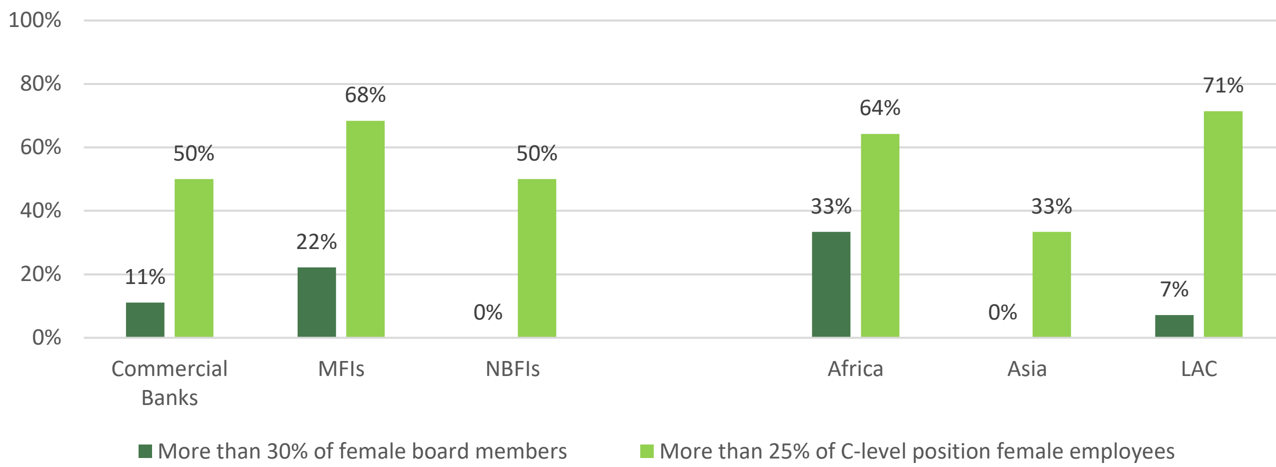
Since leadership is one of the fundamental dimensions to achieve gender equality, the 2X challenge initiative incorporates this dimension. The 2X leadership qualification is attributed to investments and initiatives that provide women in developing countries with access to leadership opportunities. FIs qualify on the leadership criteria if women are well-represented at Board level or at senior management (C-Suite or equivalent).

6.2.1. 2X eligibility

The 2X Eligibility Criteria for Leadership require the FI to have either 25% of women in senior management, or 30% of the board members. Out of **38 FIs** that replied to the HR survey, **22** are providing leadership opportunities for women according to the 2X criteria. These are mostly MFIs, followed by commercial banks (see Figure 8 below). To be noted that none of the NBFIs qualifies on the female members of IC/Board.

[18] www.theboardroomafrica.com

Figure 8 - Proportion of FIs qualifying on Leadership - by type of institution and region



In terms of regions, Africa scores first in terms of female members of IC/Board (33%), and Asia scores last, with none of the Asian institutions reaching the 2X threshold (Figure 8 above).

From the **22** FIs that qualified on leadership, only **5** of them have, at least 30% women in their **Board or Investment Committee**. These institutions are mostly African financial institutions: a commercial bank based in West Africa (44% women) and 4 MFIs, based in North Africa (42% women), East Africa (38% women), West Africa (33% women) and Central America (33% women).

More concerning, **4** of the institutions do not have any women on their boards while two others - NBFIs based in Central America and Southeast Asia - only have a low percentage of women (8%). Looking into these least performing clients in terms of female Board composition, these results match the data from Boardroom Africa, that women make only up to 6% of the Board seats in Latin America and 8.2% in Southeast Asia where 2 of these clients are located[19]. Needless to say, none of the institutions surveyed has more Board seats taken by women than by men, with the maximum of women in the IC/Board reaching only 44% women.

In terms of senior management, LAC (71%) and Africa (64%) have more women senior managers than Asia (33%), the lowest performer on leadership (Figure 8 above). Even within the same 2X dimension, here are substantial differences within one region (i.e., LAC) depending on the criteria applied, showing once again the limitations of a 2X qualification. While most institutions qualify based on the senior management criterion, very few do so on the Board or Investment Committee composition.

The **C-suite criteria/senior management** in Figure 8 above shows that the senior management of **22** institutions is composed of at least 25% women. In **8** of these institutions, half of the senior management positions are held by women: four MFIs in East Africa, North Africa, Latin America and Southeast Asia, an Africa-based NBFI group and two commercial banks, in East Asia and West Africa.

19 www.ifc.org/wps/wcm/connect/c6cbb7b1-54e5-44f1-893f-6deae41440dd/The_Case_Gender_Diversity_Among_Sri_Lanka_Business_Leadership.pdf?MOD=AJPERES

It is relevant to emphasise that 50% is the highest percentage of women in senior management observed, with **none of the institutions** having more women than men in senior management positions.

Of the least performing institutions, **4** FIs have 5% or less women in senior management positions. This is the case for two MFIs and an NBFI in South Asia as well as for a commercial bank in Latin-America. Although the MFIs are really focusing on women consumers, they perform poorly on leadership (IC/Board dimension), which demonstrates the considerable limitations of the 2X challenge criteria.

In 2019, only 8 financial institutions out of 32[20] estimated that between 50% and 75% of **promotions** were to women. All other FIs estimated that less than 50% of the promotions benefited women.

6.2.2. Initiatives to support women's careers

The FIs were also asked about their **initiatives to support women's career: 60%** of them have these in place. Unfortunately, these do not necessarily ensure positions for women in the top management of these organisations.

Conferences and other events to celebrate and inspire women are the most widely available initiatives (45% of the FIs which have initiatives in place indicated this). 26% of the organisations have mentorship programmes in place and 20% are part of a women's network. Only 5 organisations, i.e., 13% of the respondents, have female talent pools which is one of the most effective ways of ensuring there are women candidates to take senior roles.

Interestingly, there are a few FIs which perform better on the women leadership criterion while not having any measures in place to support women's career. This could raise the question of the intentionality behind the numbers in these organisations and if these FIs will be able to keep this balance in the future.

On the other hand, measures to support the ascension of women in the organisation, such as talent pools, mentorship programs and events, are far from sufficient to perform well on women leadership. This is the case of a South Asian NBFI which has all the previously mentioned measures in place but no more than 5% of women at senior management level and 15% women on its Board. A commercial bank in Africa is another illustration of this, claiming to have several of the measures in place but showing only a limited percentage of women in senior management (17%) and on the Board (20%). We may suppose that these measures were put in place to tackle this imbalance or, adopting a less positive approach, that these measures were not sufficient to break the glass ceiling.

[20] 6 FIs did not reply to this question.

Next steps for BIO

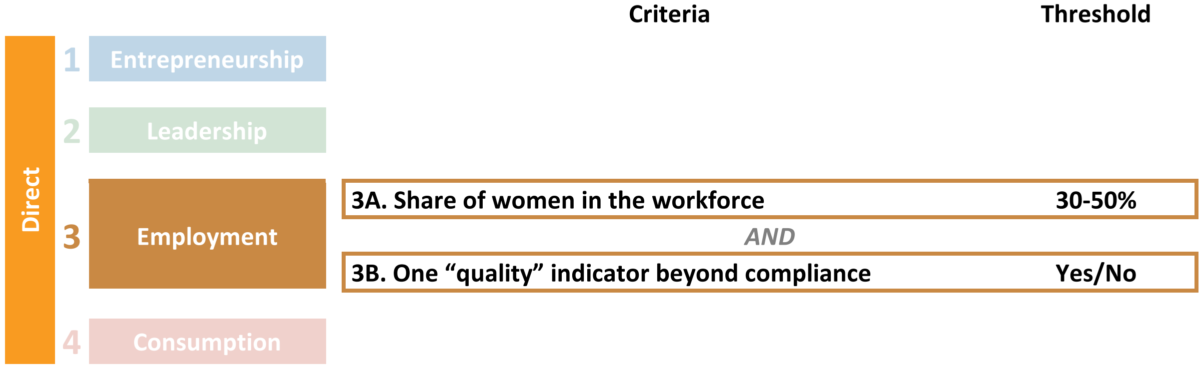
Some areas of interventions for the BDSF to support FIs clients to increase the number of female leaders are:

- Working on the culture of the organisation: gender awareness workshops targeting the top level of the company, including the presentation of data on gender inequalities and the business case to support and promote women so that people perceive the extent of the problem and realise the benefits of gender equality;
- Collecting sex-disaggregated data on all hierarchical levels on a regular basis, as well as on promotions and trainings. This is fundamental to detect where the main blockages are that prevent women from reaching the top of the pyramid;
- Ensuring equal opportunities for women: training on conscious and unconscious bias for HR and managers, mentorship programs and building talent pools are measures that can contribute to increase the number of women in senior management roles[21];
- Supporting women professional networks and building partnerships with regional and local organisations can be helpful to find female candidates for open positions since organisations repeatedly claim that it is difficult find good female candidates even if in the questionnaire this was one of the least chosen support options.

[21] Frequently, organisations that have a low percentage of women at the top argue that their promotion policies are gender equal and, if there are few women on top, it is because they are not prepared to take on those roles. Leadership training and mentorship programmes are important but do not work without a change in company culture, in particularly at high level and in the HR department. Regardless of the trainings provided to women, and how prepared they are, if the institutions do not work on the culture, the biases will prevail in recruitment and promotions.

6.3. Employment

Figure 9 - - 2X dimensions and qualifying criteria - Employment



According to the World Economic Forum, *30% of the global labour force participation gender gap has yet to be closed*[22]. Women are less likely to participate in the job market than men, more likely to be unemployed and are over-represented in informal and vulnerable employment. Globally, almost a third of women's employment is in agriculture, including forestry and fishing. In some contexts, they are prevented from having the same jobs as men or are restricted to specific sectors. In addition, financial disparities remain important since women are paid less than men, even for the same jobs[23].

Regarding FIs, the sector performs quite well on overall women employment and appears as a feminised sector but does not show a similar performance when it comes to the level of the positions occupied by women. It is observed that, globally, *women make up more than two-thirds of support staff in the average financial services organisation, but that their representation falls as career level rises, with women comprising only 37% of managers and 26% of senior managers*[24]*.* The question of the vertical segregation was analysed in the leadership section 6.2, whereas the horizontal one will be detailed here. The horizontal segregation of the job market is the distribution of men and women in different jobs, types of companies and sectors, with women often segregated in jobs or functions with lower wages and status than men.

In order to increase women's potential for income generation, value capture and job security as well as to support career development to improve other forms of empowerment, the 2X Challenge includes an employment dimension.

6.3.1. 2X eligibility

For a financial institution to qualify as 2X compatible on employment, the workforce must be constituted of, at least, 40% women. However, since having a large number of women in the workforce is not necessarily a sign of job security and career development, this criterion must be

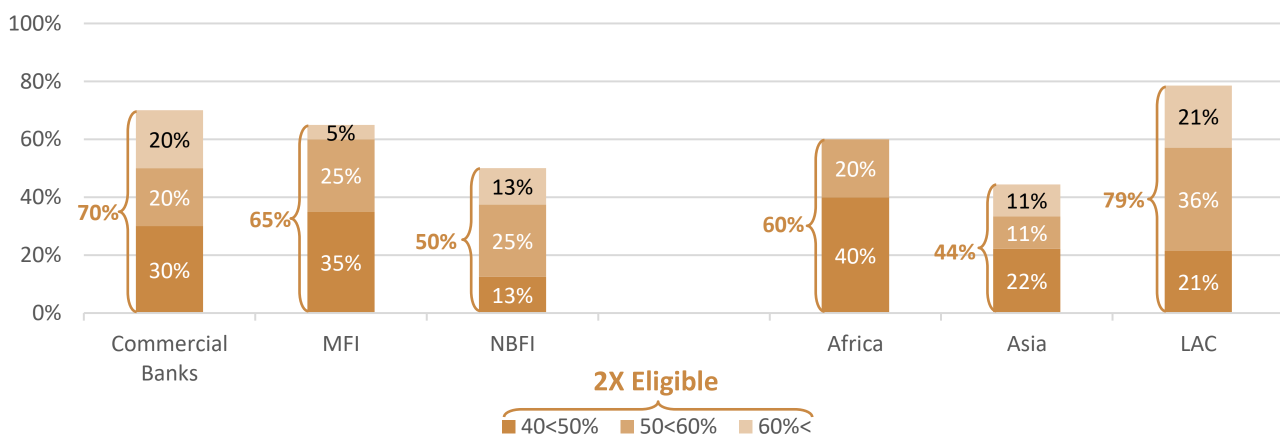
[22] www3.weforum.org/docs/WEF_GGGR_2020.pdf
[23] www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures
[24] bit.ly/3agLK0O

complemented by the existence of some policy or programme — beyond those required by local law or compliance —addressing barriers to women's quality employment.

Although there are **24** institutions out of 38 that qualify on the quantitative criteria (40% of women in the workforce), **4** of them did not qualify on the quality aspect which means that, overall, on the 2X employment dimension, only **20** FIs qualify.

As depicted in Figure 10 below, commercial banks employ by far the highest percentage of women, at all levels. The MFIs surveyed rank second on the percentage of women employed but last on the threshold above 60% of female staff.

Figure 10 - Percentage of FIs employing 40% or more women – by type of institution and region[25]



In terms of regions, and considering both criteria on the employment dimension, LAC ranks first, Africa second and Asia last (Figure 10 above).

On the quantitative criterion, the top players are an NBFI in Latin America, an MFI in South America and a commercial bank in Central Asia with a percentage of female workers between 60%-66%.

On the other side of the scale, with a workforce consisting of less than 25% of women, are **4** institutions in South Asia. It's notable that **2** of these are MFIs, which one would expect to have more women on their workforce, considering they typically target female clients, but the numbers show otherwise. In addition to the low number of female employees, these two institutions have less than 6% of women holding senior roles. Considering how little female employees they have and how little in senior roles, surprisingly[26], they still have a relatively high percentage of women in the IC, 25% and 29%.

An FI meets the 2X qualification if it also has a policy or programme— beyond those required by local law or compliance — addressing barriers to women's quality employment (e.g., wage inequity, lack of childcare, discrimination / harassment), with evidence of implementation or the commitment to

25 The 24 institutions were considered, including the 4 which do not meet the "quality" criterion.
26 Looking deeper into the cases would be necessary to understand why.

implement. As mentioned above, from the **24** institutions qualifying on the quantitative criterion, it was considered that **20** qualify on the quality aspect, taking into account a series of policies. These policies will be discussed more in detail below.

There seems to be a correlation between leadership and employment criteria: companies with more than 40% women in the workforce reach the threshold for leadership more easily, at least for senior level roles. This is logical since there are more inhouse candidates to be promoted. Interestingly, there are **7** FIs that reach the threshold for women in senior roles but not for employment. While not very common, this suggests that it is possible to have women leadership in male dominated organisations (60%-70% men in the workforce).

6.3.2. Formal working opportunities for women

Beyond the 2X criteria, FIs were questioned about their role as providers of opportunities for women to enter the (formal) labour market. Informal work is precarious, provides low remuneration and women working in the informal very often do not have access to social security and face health and safety risks[27]. **3** FIs estimate that for 75% of women in their workforce this is their first formalised working experience: a West African MFI and a South Asian and a North African NBFI. **8** other FIs estimate this percentage between 51% and 75% and **2** around 50%. This info is self-declared and not based on confirmed data.

6.3.3. Over-representation of women in certain functions

22 respondents declared that women were over-represented in certain functions of their organisations. Customer service (**9**) and cashier (**8**) are typical positions in which women are over-represented, followed by secretarial and administrative assistant positions (**6** FIs), Human Resources (**6** FIs), cleaning services (**5** FIs) and loan officer positions (**4** FIs).

One of the main explanations reported for horizontal segregation was that only women were applying for certain positions. For HR positions as well as for other specific positions, an FI explained that the organisation systematically prioritises female applications because they believe *female competence better meets their needs.*

On the other side, **6** institutions replied they prefer hiring men for collections officer (**4** institutions), security staff (**2** institutions) and IT (**1** institution). **One** of the FIs mentioned a list of positions including legal, accounting, loan officers and internal auditors for which they prefer to onboard men. Both the statement of the FI that believes in *female competences* and the choice to specifically hire men to certain functions confirms that the distribution of employment in male and female activities may not be primarily based on the content of the work itself but rather based on an assignation of masculine or feminine attributes to these activities[28]. In addition, most of the time, these positions

27 www.cpahq.org/cpahq/cpadocs/wcms091228.pdf

28 Theresa Wobbe, « Making up People: classification des statistiques professionnelles, catégorisation des sexes et inclusion économique autour de 1900 en Allemagne », Trivium, 2015

are also vertically segregated, with typically female associated jobs concentrated in the lowest part of the pyramid and with less attractive conditions.

6.3.4. Anti-discrimination policies and strategies

Since HR practices can reflect stereotypes and gender biases (conscious or unconscious), the respondents were asked about which policies and strategies they put in place to avoid such discrimination. **11** FIs put diverse recruitment panels in place, **4** screens candidates in an anonymised way and **4** provided bias training to their recruiters.

In a gender equal environment, women should have access to the same training opportunities. Although **17** institutions have a Code of Conduct specifying the situation of minorities and women, and **16** have anti-discrimination policies to ensure equal opportunities, only **3** out of **26** organisations reported that at least 50% of the training opportunities in 2019 benefited women.

6.3.5. Salary equity

Since women are very often concentrated in the lowest paid sectors and positions, labour market segregation influences salaries. Regarding salary equality, **almost all** of the institutions said that they have a clearly defined pay structure and almost all respondents have the impression that the company offers an equivalent salary to a man and a woman with the same competencies and position within the company (except for one that said no and another that wasn't sure).

However, only **7** institutions measured the actual salary gap between men and women and, from those, **1** concluded that the average women to men wage ratio is about 79% without explaining the reason behind the difference. Another institution reported a 5% gap, which they explained by the greater number of male credit advisors, and the associated commission scheme increasing their salary. This finding echoes the literature in sociology of organisations that shows that very often it is not the fixed salary but rather the advantages attached to it (such as bonuses) that explain the salary gap.

6.3.6. Gender-based violence and harassment

Worldwide, women are disproportionately impacted by gender-based violence and harassment (GBVH). In fragile or conflict-affected states, in markets with high insecurity or poverty with high gender inequality there is a risk that GBVH is seen as *normal*. Cost associated with GBVH due to absenteeism, lost productivity, and turnover is estimated to exceed $6M per Fortune 500 company[29]. The implementation of policies to address gender-based violence can *increase productivity, profitability, and performance*[30].

29 www.icrw.org/wp-content/uploads/2018/08/ICRW_SBHDonorBrief_v5_WebReady.pdf

30 www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/insights/addressing-gbv

The existence of a grievance mechanism is fundamental since GBVH is often under-reported by fear of job-loss: **74%** of the institutions declared having documented grievance procedures for employees to address issues such as sexual harassment and discrimination but only **47%** have a sexual harassment policy.

6.3.7. Articulation between work and private life

The articulation between work and private life is another fundamental concern for every worker but especially for women since, in most of the cases, they are the ones doing the household work and taking care of their families. Care work increases for women after marriage and childbirth, contrary to men, and, in consequence, they are the ones that benefit the most from family friendly policies.

38% of the institutions consider they offer work-life balance conditions, **55%** said they have parental leave and **13%** said they have perks for adoptive parents and a baby bonus. **32%** allow employees to take leave days to take care of dependents and **29%** of the respondents support parents when returning from maternity and paternity leave. **29%** of the institutions declared to have a lactation room and **5%** have onsite childcare facilities. To obtain more details and find out exactly what is provided, to whom and under which conditions, qualitative interviews would need to be conducted.

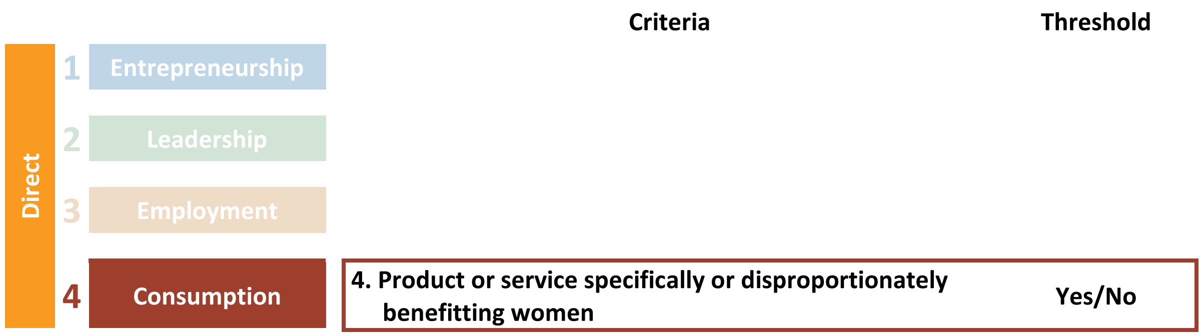
Even if women spend more hours performing care responsibilities and household work, it is crucial that these policies are presented as benefiting the families and not the women as individuals because they are targeting care responsibilities and not leisure time. The aim of these policies should be to challenge and redistribute gender roles instead of reinforcing them.

Next steps for BIO

- Support gender-neutral recruitment processes: BIO could work with FIs to ensure they decrease recruitment biases by having the right policies in place and putting them into practice. The BDSF can provide TA for HR scans of the policies of the company and adjust them with a gender lens: e.g., salary gaps, sexual harassment, family friendly policies, labour contracts and other points mentioned in this chapter. TA subsidies can also cover gender awareness trainings for Board members, senior management, HR and overall staff.
- Ensure a strong gender lens within the E&S assessment: by applying the IFC performance standards, companies need to comply with a series of labour requirements, including non-discrimination, which entails that women and men should have the same working opportunities, conditions and rights.
  - Adapt the E&S questionnaire to include a gender lens in the different aspects of E&S;
  - Prepare a checklist of the HR policies of the FI, including the gender relevant ones (i.e., non-discrimination policy, leave policy covering maternity/paternity leave etc.). This will allow the E&S team to flag when a company does not have a policy and it can be part of the ESAP if deemed it necessary.
- Do a contextual gender risk-assessment prior to due diligence to understand the national context in terms of women rights and conditions in the labour market.

6.4. Consumption

Figure 11 - - 2X dimensions and qualifying criteria - Consumption



Women account for the majority of the financially excluded worldwide[31]. By increasing the access of women to financial services, FIs contribute to women's financial independence, which can lead to higher decision-making power and socio-economic status. A study from the Financial Alliance for women concluded that closing the gender gap in access to the most basic financial tools (checking and savings), credit cards, personal loans and housing loans, would generate $40 billion in additional annual revenue around the globe[32]. It is estimated that *to reach global gender parity in basic financial services, 254 million more women would need to gain access to accounts* and 60 million more women would need access to consumer loans.

Social norms, unequal repartition of household work, perceptions regarding opportunities and inequalities in accessing institutions play a non-negligible role in the financial exclusion of women. As a reminder, until the 1960's, in Belgium, women could not open a bank account, so finance did not historically put itself on the female side, even in developed countries.

FIs have a crucial role to play in providing women *access to products and services* that address the *critical barriers to* women's *economic participation and success, as well as their specific needs*[33]. This role includes providing access to financial services for women entrepreneurs and in supporting female ownership at the level of their clients. Existing strategies to promote positive impact on women as customers include wearing a gender lens in assessment and monitoring processes, tailoring product specifications, and providing non-financial services.

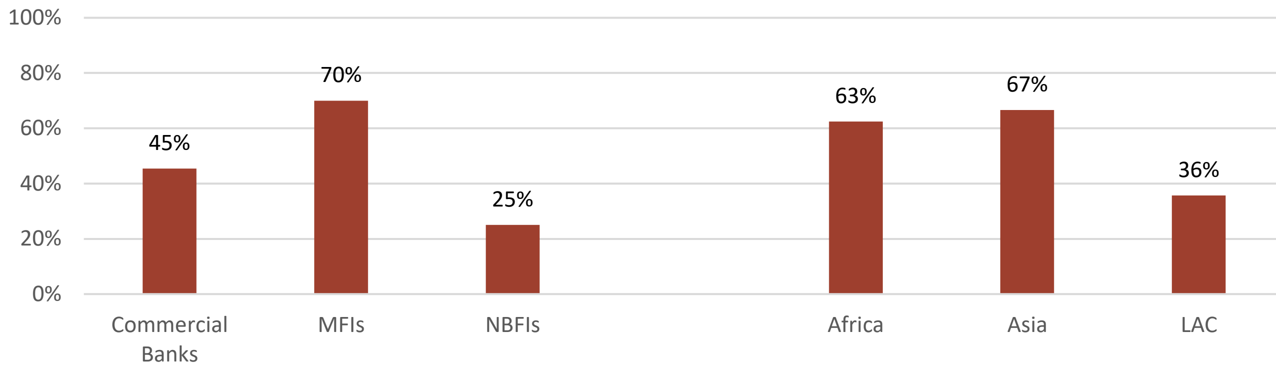
6.4.1. 2X eligibility

To qualify for the 2X Criteria in the consumption dimension, FIs need to provide products addressing the unique needs of women, addressing a problem disproportionality impacting women or with a majority of women customers or beneficiaries. Beyond the 2X criterion, BIO also considered what are the mains barriers preventing women's access to credit, in the view of the FIs.

31 www.imf.org/~/media/Files/Publications/SDN/2018/SDN1805.ashx.
32 bnymellonlive-bypass.cphostaccess.com/_global-assets/pdf/our-thinking/powering-potential.pdf
33 2X Challenge

38 institutions replied to the consumer related questions, out of which **54%** reported having products targeting women more or less directly and/or intentionally, therefore qualifying for the 2X under this dimension. The highest performers are MFIs (70% of them provide these products) followed by commercial banks (45%) and NBFIs at the end (25%). In terms of regions, Asia is the best performer (in 67% of the cases FIs qualify on consumption), followed by Africa (63%) and LAC last (36%).

Figure 12 - Eligible Institutions on 2X consumption dimension - by type of institution and region



On the other end, **44%** of the FIs replied they do not have any women focused products. These numbers show that many institutions do not offer specifically women-oriented solutions, but rather standard products/services, not necessarily addressing women's needs and barriers.

6.4.2. Products and services benefiting women

From the 21 institutions qualifying on 2X in this criterion, **11** have products addressing women's unique needs; **11** have a product addressing a problem disproportionality impacting women and **10** a product with a majority of women customers[34].

More concretely, in terms of financial products targeting women more or less directly and/or intentionally, **13** institutions provide group loans, **9** offer productive business loans that allow women to have more time and independence for their business[35] and **6** group savings[36].

In terms of solutions that can facilitate the access of financial products to women, **9** FIs have less conventional access points[37] and **8** have digital payments or services solutions. More interestingly, a commercial bank based in West Africa, has specific incentives for women, such as discounted interest rates, minimum collateral requirements, and flexible payment options.

[34] Please note that for more details, individual interviews will need to be conducted with the institutions.

[35] Productive Business Loan is a credit to develop productive business for an individual / business entity either for working capital and / or investment use.

[36] Group of individuals who save together and take small loans from those savings;

[37] Small businesses such as *locutorios* (call shops) and pharmacies are allies: people come to make withdrawals and pay for basic services.

Beyond offering financial products that disproportionately benefit women, FIs are in a key position to support initiatives or provide non-financial services that help promote the financial inclusion of women. For instance, **16** FIs provide add-on services under the form of business and financial literacy trainings bundled with finance, including through partnerships with NGOs. Other institutions (8) provide products with no formal need of ID or collateral (either for loan or saving services). Since women comprise most of the financially-illiterate in the world and are disproportionally affected by the lack of official identification in developing countries, these products particularly benefit them as they contribute to overcoming barriers that prevent their access to credit.

6.4.3. Main barriers faced by women

FIs were asked about the perception of the main barriers faced by women as clients and how they try to address these. Not surprisingly, most institutions (13) identified the lack of collateral as the main obstacle faced by women to access credit, especially in more risky sectors such as agriculture. The second most important obstacle are the high financial illiteracy rates, as indicated by **11** respondents. As mentioned above, several institutions address these barriers and provide solutions to promote women's access to credit.

Other important barriers are family or social pressure not to take credit or the lack of knowledge about existing credit opportunities. A few institutions also mentioned that some national regulations are barriers to access credit for women.

Beyond these external barriers, discriminatory policies, rules and/or processes at the level of the institution itself are sometimes responsible for unequal access to basic financial services. Reassuringly, most of surveyed FIs replied that men and women must comply with the same requirements to get credit at their institution.

6.4.4. Measures at FI level

As a first step to break the barriers to the financial inclusion of women, FIs should work on reducing internal barriers when women request credit. Finding gender-sensitive solutions to collateral constraints, particularly for women smallholder farmers[38] could be a game changer for women looking for credits or other financial services.

In addition, all the organisations could provide financial literacy training for women to tackle the persistent gender gap in financial literacy, *educating them about debt and reducing their negative perceptions of banks*[39]. Since, according to the respondents, very often women do not know they can request credit, information sessions could be helpful. In terms of societal barriers, such as the

[38] www.meda.org/innovate/innovate-resources/944-experiences-in-gender-sensitive-solutions-to-collateral-constraints-meda-innovate-learning-series-paper/file

[39] documents1.worldbank.org/curated/en/400121542883319809/pdf/Female-Entrepreneurs-How-and-Why-are-They-Different.pdf

pressure on women not to take credit, FIs could partner with local actors working with women to understand how they can contribute to gender equality at community level.

Next steps for BIO

- As a concrete next step to contribute to the financial inclusion of women, BIO can, through its BDSF, provide grants to co-finance feasibility studies for FIs that wish to develop products and services addressing women's unique needs, addressing a problem disproportionality impacting women or with a majority of women customers or beneficiaries.
- The BDSF could also support the costs of engaging a consultant to develop training materials for women customers, since financial illiteracy is a major barrier, either via FI clients or through national/regional banking federations willing to work on this issue.
- Additionally, while assessing new projects, BIO should strengthen its effort to raise FIs' awareness on barriers they might have in place and provide support to eliminate them.

Annex – 2X Qualifications

2X CHALLENGE FINANCING FOR WOMEN	2X Compliance					2X Dimensions							
			Cumulative dimensions			Entrepreneurship		Leadership		Employment		Consumption	
	Total projects	2X	1	2	>2	Total projects	2X	Total projects	2X	Total projects	2X	Total projects	2X
Portfolio	39	34	10	5	6	34	4	36	22	38	19	39	21
Commercial Banks	11	9	4	3	2	10	1	10	5	10	6	11	5
Microfinance Institutions	20	18	6	4	8	16	3	18	13	20	9	20	14
Non-Bank Financial Institutions	8	7	4	3	0	8	0	8	4	8	4	8	2
Africa	16	13	4	5	4	12	2	13	9	15	6	16	10
Asia	9	8	5	0	3	8	2	9	3	9	4	9	6
LAC	14	13	5	5	3	14	0	14	10	14	9	14	5