

Insights from AHL Venture Partners

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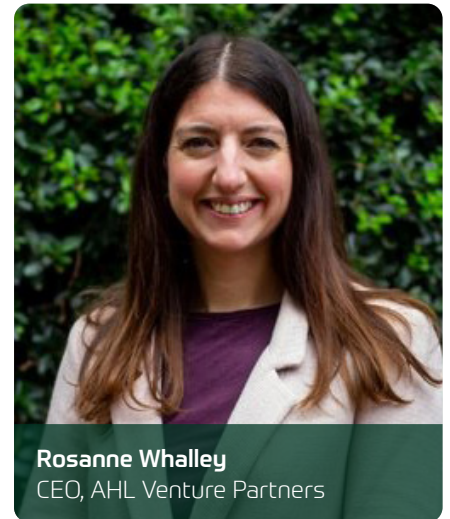
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I recently interviewed Rosanne Whalley, CEO of [AHL Venture Partners](#) (AHL). In this publication I share her thoughts on the challenges and solutions that have emerged from their belief in the power of responsible profit to drive African development forward and their work to embed gender lens investing as 'business as usual'.

In 2015, [McKinsey reported](#) that USD 28 trillion could be added to annual global GDP by 2025 if women participated in the economy at the same level as men. In 2020, it is widely acknowledged that businesses which understand and respond to the barriers women face will be rewarded, both in terms of growth and impact. The [2X Challenge](#), launched in March 2018, has already committed and mobilised USD 4.5 billion towards women's economic empowerment, exceeding the USD 3 billion committed capital target. Impact Alpha recently called for a [10X Challenge](#) to boost investment in women, and Impact Alpha thereafter [passed the mic to Suzanne Beagle](#) for her thoughts on 10X'ing Gender Lens Investing, which is well worth reading.

In this series I share insights and recommendations for a 10X Challenge from those with 'boots on the ground' who have embedded gender inclusion throughout their organisations and quietly mobilised capital for SDG 5. Policy and practice go hand in hand, and learning from experience helps us go further, faster and better. These practitioner-level insights are often overlooked and are not always represented in working group platforms and at conferences.

"A commendable 93 per cent of AHL's direct investment portfolio meets or exceeds the 2X criteria across two or more of the categories. They are also committed to having a balanced team and now have a majority female investment team."



Rosanne Whalley
CEO, AHL Venture Partners



SDG 5
BLOG SERIES

INSIGHTS ON 2X'ING GENDER LENS INVESTING AS WE CONSIDER A 10X CHALLENGE

This insights series aims to unpack a possible [10X gender lens investing](#) opportunity by reflecting on the experiences of investors who have embodied gender equity as 'business as usual'. We look at challenges and solutions to doing more, better. This series identifies approaches for a wider market transition to gender mainstreaming. The questions around what comes next and how we 10X gender lens investing are timely, and these insights are even more pertinent given the success of the [2X Challenge in mobilising \\$4.5 billion](#) of capital for women's economic empowerment.



“The process of gender inclusion at AHL is more than the 2X Challenge. It goes beyond counting. We are trying to embed behavioural change and understand the key challenges to this change.”

ROSANNE WHALLEY

The team at AHL mapped their portfolio against 2X criteria and committed to a minimum 2X standard for existing and new investments. AHL also stepped beyond 2X and introduced the [MEDA Gender Equality Mainstreaming Tool](#), as part of their due diligence process.

Rosanne explains, “If an investment does not have women on the Board, rather than precluding a deal from investment, we agree a corrective gender action plan, as one would with environmental, social and governance (ESG) policy, to improve the gender balance in the company with the investee management and Board. It is about alignment. If we get buy-in from a potential investee of the need for change, then we will agree to work with them to implement that change.”

The challenges

Rosanne highlights four key challenges experienced by the AHL team during their gender lens investing journey.

Challenge 1: Going beyond ‘counting’ gender to understanding the ‘business case’ for gender inclusion

Rosanne comments, “It is important to understand the strong business case for gender inclusion, and gender insights and data are valuable in making this case.” However, she notes that, “It is a challenge to move beyond a 2X criteria perspective where one counts gender representation, to undertaking data analysis which provides evidence that empowering women leads to improved business performance.”

To do this, the team at AHL engaged Value for Women in a gender diagnostics exercise across eight portfolio companies to help them to understand the ways in which applying a gender lens intervention could improve business performance. For example, at one business, Value for Women found a positive correlation between employing women and reducing stock control-related fraud.

Challenge 2: Buy-in from portfolio companies is low and gender inclusion often is peripheral

Building gender-disaggregated data into AHL’s impact framework was straightforward. However, tracking and collecting quality gender-disaggregated data is challenging.

Rosanne explains, “For success, you have to have buy-in at portfolio company level, and the elephant in the room is low buy-in from portfolio companies. For example, as part of the gender diagnostic, Value for Women were asked to interview the key leadership members across our portfolio. In many cases, they ended up being directed to the female staff members, irrespective of their role, as a gender lens was seen as ‘something for the women.’”

Challenge 3: Putting everything through the lens of gender is one dimensional and potentially costly

Rosanne remarks, “What you actually want is for a portfolio company to incorporate gender in their business analysis and embed gender inclusion as a way of doing business. However, very few portfolio companies will pay to analyse the business through a gender lens specifically. If there is a challenge with sales, then the push back is ‘why use a gender lens only to assess that challenge?’. What we really need is a holistic approach, which considers gender as well as other dimensions.”

Challenge 4: COVID-19 has led to pausing gender inclusion efforts by business

COVID-19 has resulted in AHL’s portfolio companies having to focus on firefighting, survival and ensuring a safe workplace. [The latest World Bank Kenya Economic Update](#) predicts baseline scenario growth of 1.5 per cent in 2020 resulting from COVID-19, and a downside scenario of a contraction to 1 per cent. So, while gender inclusion remains core to AHL and as important as ever, two of the three companies that agreed to implement the recommended actions resulting from the gender diagnostics exercise will now put this on hold as they are prioritising managing the serious implications of COVID-19.



The solutions

Building on AHL experience and challenges encountered, Rosanne outlines her recommended solutions and provides insights on how the market could approach 10X'ing gender lens investing.

Solution 1: Operational mainstreaming of gender lens investing

ESG, impact measurement and management (IMM) and gender lens investing should be completely operationalised and mainstreamed together. Gender lens investing should not be siloed. It should be embedded and integrated from an operational and idealistic perspective.

Rosanne explains that the AHL team integrated gender into their ESG and IMM approach, noting, *"We worked with the MEDA gender equality mainstreaming approach and integrated that into our ESG and Impact toolkit. We have incorporated gender in our theory of change and impact metrics, a corrective gender action plan in our ESG toolkit, and this all feeds into our annual reporting."*

Solution 2: Embedding gender inclusion at Board level is key to ensuring gender becomes a way of doing business

Buy-in and changing behaviour at Board level makes it possible to drive important strategic decisions that operationalise and mainstream gender inclusion and promote better business.

Rosanne observes, *"Companies bring in gender specialists as technical experts on an ad-hoc basis and therefore gender inclusion is not being embedded in decision making. It is the small decisions being taken at Board level where this capacity, knowledge and understanding is needed. It is at Board level that IMM, ESG and gender considerations are taken into account, and where conversations about strategy and tradeoffs happen. Investment managers need to be 'bi-lingual' on impact, gender and return, in order for this to remain 'top of mind' in Board conversations."*

Solution 3: Industry acknowledgement that moving beyond counting gender is expensive, is difficult and takes time

The cost of really understanding and building reliable data validation systems for gender inclusion can be prohibitive, particularly for an early stage business that is focused on turning borrowing into returns.

Rosanne explains, *"Going beyond counting gender and meeting the 2X criteria is difficult. The reality is that running a business is difficult, and that managing early stage investment is even more difficult, has a short-term time horizon and requires 'all hands-on deck'. So, gender inclusion is often a second order priority, even when the medium to long-term benefits are clear. We are with gender where we were with ESG 10 years ago. There is resistance and it is a difficult process that takes time and requires investment."*

Solution 4: Blended capital is key for 10X'ing gender lens investing

Investment in technical and grant support to investors and investee businesses will go a long way to enabling the much-needed transformation for gender inclusive business in the short term.

Rosanne explains, *"Ultimately this means we need to take a blended capital approach to fast track and 'take up the slack' in the market to enable the necessary shift in the market from counting gender to operationalising and mainstreaming gender. At AHL, we deployed grant finance to support our investee businesses in stepping into a gender inclusive way of doing business."*

Conclusions

Rosanne comments, *"On the ground, we see that business leaders have not widely bought into 2X. The 10X Challenge has to focus on investing in the process of enabling adoption of gender in the same way we have with ESG and Impact. Ultimately, this process must be properly resourced and should not be a cost or burden to business in the short term."*

Rosanne closes by saying, *"AHL will always look to make the best deal. We are not willing to compromise on commerciality. Gender is a core value embedded in AHL's DNA. We will do everything we can to change behaviour for positive outcomes. We would love to see more resources going into embedding gender alongside IMM and ESG at business level and into developing a more robust pipeline of investments that already have gender embedded. Blended capital in the form of grant and accelerator funding has a role in building this for the market."*



Frank Impact was founded in 2017 by Siobhan Franklin when she acknowledged she was not achieving her own impact mandate. Since then, we have worked on high impact innovative initiatives, investments and projects with catalytic individuals, leaders and communities.

We believe in the power of gender lens investing, it's not an easy undertaking and we felt it important to develop this insights series to help others on their gender lens investing journey, and the market to articulate what comes next, and for developing whole of market solutions to do more better. We would like to thank the insights series participants for making this possible.

We look forward to forging new relationships with others who have a similar impact mandate, passion for what they do, and who believe in working for a better world.