PROMOTING GENDER EQUALITY THROUGH PERFORMANCE-BASED FINANCIAL INCENTIVES
AN ANALYSIS OF IDB INVEST’S EXPERIENCE

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Promoting Gender Equality through Performance-based Financial Incentives

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Despite progress in narrowing gender gaps across the Latin America and the Caribbean (LAC) region, systemic barriers remain. Gender imbalances persist for women in access to credit, education, and better-rewarded jobs, held back by chronic market failures such as market inertia, asymmetric information, and long-standing behavioral biases.

Blended Concessional Finance, in the form of gender-focused performance-based incentives (PBIs) offered to private companies, is a possible model for addressing some of these market failures. PBIs can include transfers of capital (e.g., a grant) or other material rewards (e.g., an interest rate adjustment, shares transfers to employee’s pool) from investor to investee or employees, provided contingent on achieving a set of outcomes.

This review seeks to establish an initial evidence base on the impacts of PBIs, leaning on a qualitative, non-causal assessment of IDB Invest’s portfolio of Blended Finance investments, with a particular focus on a sample of projects that included gender-focused PBIs, and in most cases complementary Technical Assistance (TA). The analysis anchors on a case study review of
seven IDB Invest clients across a diversity of sectors (energy and infrastructure, corporates and financial institutions), including a variety in gender milestones (some occupational, others educational or operational) and situated in several geographies.

**Findings show that PBI programs were perceived to have increased the likelihood of success in expanding access to finance for Women led-owned Small and Medium Enterprises (WSMEs) and women’s employment opportunities.** They also contributed to the achievement of gender targets beyond those initially set, and provided critical justification for resource allocation toward gender programming within client organizations. Incentives also resulted in positive spillovers, like the shifting of internal mindsets, the creation of demonstration effects, and the generation of new networks. Despite the absence of historical benchmarks, targets were perceived to be both achievable and sufficiently ambitious as a result of proper early investment in baselining. Case study interviews also revealed that the implementation of TA alongside the application of incentives built necessary capacity across clients and aligned interests across stakeholders; and that the introduction of flexibility in program design and supervision empowered clients to achieve gender targets.

**Twelve practices stand out for investors to consider in order to enhance the future effectiveness of gender PBI transactions, structured across the investment lifecycle.** These include defining sector-specific impact logics for integrated programming; prioritizing clients with interest in gender programs or in sectors with significant gains when constructing the PBI portfolio; investing early in enhancing benchmark-setting and measurement processes for accuracy, especially building solid baselines; piloting transaction structures that explicitly reward intermediate and ongoing success; deploying TA for all incentivized investees; standardizing measurement and management guidelines for streamlined reporting and evaluation in PBI-specific deals; tracking intermediate progress leading to milestones; creating buffer capacity for investees facing large deviations from targets; encouraging active collaboration beyond the investor-investee relationship to maximize market failure corrections; measuring and aggregating PBI performance data; developing internal learning systems within investee organizations; and strengthening collective PBI learning processes across the Development Finance Institution (DFI) community.
About this report

This report aims to assess the impacts of Performance-Based Incentives (PBIs) within IDB Invest’s Blended Finance portfolio, with a focus on gender-related PBIs. Through a qualitative assessment of the portfolio, seven case studies were conducted with IDB Invest clients. The objective was to gain insights into the impact of IDB Invest’s PBI and gender-smart Technical Assistance (TA) program on gender equality outcomes. The case studies aim to explore internal and external changes resulting from PBI implementation, understand the design and implementation of the gender incentive and TA, and identify both success drivers and constraints affecting PBI implementation.

About IDB Invest

IDB Invest, a member of the IDB Group, is a multilateral development bank committed to promoting the economic development of its member countries in Latin America and the Caribbean through the private sector.

IDB Invest has contributed to the development of this report with the collaboration of the Blended Finance team, the Gender and Diversity Division Advisory team, and the Development Effectiveness Division.

About Dalberg

Dalberg is a strategic advisory firm specialising in addressing pressing global issues. The firm has completed more than 1000 projects in over 90 countries for both public, multilateral and private institutions. Dalberg’s work in the finance & investment space spans the spectrum from at-scale capital allocation to end-user financial health.
Promoting Gender Equality through Performance-based Financial Incentives

The Women Entrepreneurs Finance Initiative (We-Fi) supports women entrepreneurs by scaling up access to financial products and services, building capacity, expanding networks, offering mentors, and providing opportunities to link with domestic and global markets. We-Fi provided financial support to produce this study.

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The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank Group, its respective Boards of Directors, or the countries they represent.
Glossary

**Basis Points (BPS):** Unit of measurement used in finance to express small percentage changes or differences in interest rates, bond yields, or other financial indicators.

**Behavioral Bias:** Irrational behaviors that unconsciously influence decision-making processes.

**Blended Finance:** Financial strategy or approach that combines public and private sector resources and expertise to address development challenges, achieve sustainable development goals (SDGs), and promote economic growth in emerging markets and developing countries.

**Canadian Climate Fund for the Private Sector in the Americas (C2F):** Initiative aimed to financing private sector climate mitigation and adaptation projects in Latin America and the Caribbean that need concessional financing to become viable projects.

**Diversity, Equity, and Inclusion (DEI):** Interconnected concepts and principles that address various aspects of fairness, representation, and social justice in workplaces and organizations.

**Development Finance Institutions (DFIs):** Specialized development banks or subsidiaries set up to support private sector development in developing countries.

**Engineering, Procurement, and Construction (EPC) contractors:** Company or organization that provides comprehensive services for the design, procurement, and construction of various types of projects, typically in the fields of engineering and construction.

**Imperfect Information:** Situation where individuals or entities do not have access to complete or accurate information about a particular economic transaction, market, or situation.

**Information Asymmetries:** Situations in which one party in a transaction possesses more or better information than the other party. This disparity in information can create an imbalance of power or influence in the transaction, potentially leading to adverse outcomes or inefficiencies.

**Interest rate adjustments:** Changes made to the prevailing interest rate on a financial instrument, such as a loan or bond.
Market Failures: Situation when the competitive market mechanism fails to produce results that align with societal goals or when it leads to suboptimal outcomes.

Market Inertia: Refers to the tendency of markets, industries, or businesses to resist or be slow in responding to changes, disruptions, or shifts in demand, technology, or competitive forces.

Performance-based incentives (PBIs): Transfers of capital or other material rewards from the investor to the investee or employers, provided contingent on improved performance or a particular type of behavior change.

Performance Grants: Type of financial assistance or funding mechanism provided by governments, philanthropic organizations, or other grant-making entities to individuals, organizations, or projects based on specific performance criteria or outcomes.

STEM: Science, Technology, Engineering, and Mathematics.

Technical Assistance (TA): Refers to a range of services, support, and expertise provided to individuals, organizations, or governments to help them address specific technical, operational, or managerial challenges or needs.

Unconscious Bias: Automatic and often unintentional attitudes, beliefs, stereotypes, and prejudices that people hold about certain groups, characteristics, or attributes, without being consciously aware of them.

Women Entrepreneurs Finance Initiative (We-Fi): Multi-stakeholder partnership and financing mechanism to address the unique challenges faced by women entrepreneurs, particularly in developing countries.

WEP Tool: Women’s Empowerment Principles Gender Gap Analysis Tool is a business-driven tool designed to help companies from around the world assess gender equality performance across the workplace, marketplace, and community.

Women-led/owned small-and-medium enterprises (WSMEs): SME with 51% or more ownership by a woman (or women) and/or has a female Chief Executive Officer/Chief Executive/C Suite Executive/Senior Sales Manager and/or ≥30% of the board of directors are women.

2X Challenge: Initiative by the DFIs from the G7 and other countries to mobilize capital for investments that empower women in developing countries.
1. Introduction

The entrenched development challenge of gender inequality in LAC

While efforts to address gender equality issues in Latin America and the Caribbean (LAC) have been increasing, systemic barriers persist. Throughout the region, steps have been taken to narrow gender gaps in primary education, women’s life expectancy, and labor force participation. However, LAC still faces difficulties in addressing disparities related to women’s ownership of assets, access to sexual and reproductive health services, affordable childcare, and opportunities in higher-paying sectors.

Over the last five years, the gender disparity in account ownership in LAC has narrowed by 2 percentage points. Nevertheless, persistent gaps emerge in saving and borrowing practices: women with accounts are 8 percentage points less inclined to save money than men, while men with accounts are 12 percentage points more likely than their female counterparts to borrow money from formal institutions.

Additionally, only one-third of Micro, Small, and Medium-sized Enterprises (MSMEs) are owned or led by women, with an associated finance gap of $98 billion. Despite an increase in female labor force participation in the region, gender imbalances persist in job access, with women typically gaining entry to lower-skilled, lower-paying positions.

*World Bank, Closing Gender Gaps in Latin America and the Caribbean, 2020
*World Bank, Closing Gender Gaps in Latin America and the Caribbean, 2020
*IDB, The Gig Economy and Financial Inclusion of Women in Latin America, 2023
Only 36% of women pursue careers in STEM fields, and fewer than 15% of new jobs in the construction and transport sectors are filled by women\textsuperscript{11}. Additionally, in the construction sector, the proportion of formally contracted female workers ranges from a mere 1% to 6\%\textsuperscript{12}.

A range of pervasive and interconnected market failures continue to exacerbate gender inequalities throughout the LAC region, occurring when market mechanisms fail to solve for the distinct realities faced by individuals as a result of their gender, which are summarized in Figure 1 below.

**Figure 1: Key market failures driving gender inequality.**

<table>
<thead>
<tr>
<th>Market failures</th>
<th>Factors perpetuating market failures</th>
</tr>
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<tbody>
<tr>
<td>Market failures</td>
<td>Lack of gender-responsive institutions and governance</td>
</tr>
<tr>
<td>Behavioral Biases</td>
<td>Discriminatory laws and policies</td>
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<tr>
<td>Imperfect or Asymmetric Information</td>
<td>Power imbalances and unequal decision making</td>
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<tr>
<td>High Transaction Cost</td>
<td>Source: Dalberg analysis</td>
</tr>
</tbody>
</table>

Market inertia and behavioral biases prevent women from securing jobs and advancing to higher-level positions in the workplace. Market inertia\textsuperscript{13} is characterized by a resistance to change due to factors such as reluctance to alter behavior or the potential switching costs associated with adapting to new circumstances, along with established market structures. Industry networks, for example, perpetuate recruiting practices from within a small circle of firms and pre-established contractors, often relying on narrow and historically male-dominated pipelines to draw in new talent\textsuperscript{14}. Behavioral biases\textsuperscript{15}, or irrational behaviors that unconsciously influence decision-making processes, particularly in hiring practices, further exacerbate the problem. For instance, while STEM skills are essential for numerous career paths in the renewable energy sector, prevailing stereotypes about women’s educational paths and abilities, continue to limit their presence in these fields\textsuperscript{16}. Biased perceptions result in women earning less than their male counterparts in similar positions and discourage women from applying for the same job openings as men due to the expectation of having to meet more stringent requirements\textsuperscript{17}.

\textsuperscript{11}IDB Invest, Towards a Fair, Inclusive Transition: Employing Women in Infrastructure Projects, 2022
\textsuperscript{12}IDB Invest, Making Women Welcome: The Next Challenge for Renewable Energy Construction Projects, 2022
\textsuperscript{13}World Bank, Gender-Based Employment Segregation: Understanding Causes and Policy Interventions, 2023
\textsuperscript{14}IRENA, Renewable Energy: A Gender Perspective, 2019
\textsuperscript{15}Inter-American Development Bank, Leveraging Behavioral Insights for a More Equitable Workplace, 2019
\textsuperscript{16}IRENA, Renewable Energy: A Gender Perspective, 2019
\textsuperscript{17}IRENA, Renewable Energy: A Gender Perspective, 2019
Imperfect information and information asymmetries also limit the scale of available opportunities for women. Imperfect information, referring to a situation in which parties have access to limited information on a certain subject, can limit the ability of producers, service providers, and users to see the full potential of women-led businesses, as there is a higher perceived risk associated with financing women\(^\text{18}\). For example, financial institutions may not have the systems or capacity to capture gender disaggregated data on loan performance, which limits their ability to calibrate risk accordingly for newer user or product categories, e.g., WSME credit lines\(^\text{19}\). As a result, women may be charged higher interest rates\(^\text{20}\) and have historically faced a higher likelihood of being rejected when applying for credit\(^\text{21}\). Existing analysis shows that gender biases in lending to women leaves millions of dollars in foregone profits for banks, even though data shows that women repay as well or even better than men\(^\text{22}\). Information asymmetries, which occur when one party has more information than the other party, limit the ability of market players to tap into the WSME segment and miss out on business opportunities. For example, asymmetries linked to poor information on available employment opportunities in STEM and energy – exacerbated by the fact that this information is distributed through informal channels often not inclusive of women – create barriers for women entering and succeeding in these fields\(^\text{23}\).

These market failures are perpetuated by a set of deeper root causes, entrenched in the enabling environment for private sector activity. A lack of gender-responsive institutions and governance is a major contributor to gender inequality, as even women that can access traditionally male-dominated fields tend to face workplace regulations, norms, and facilities that are not built (and are not required) to accommodate women needs\(^\text{24}\), among which there is the absence of work-family balance policies and the lack of facilities for family-care, among others\(^\text{25}\). In some sectors, laws and policies are also actively restrictive of female participation, as exemplified by a some regulations that prohibits women from participating in activities with certain types of heavy machinery and that remain actively in place. Moreover, because women are less represented in senior leadership positions, power imbalances and unequal decision making can leave women with more limited networks, worse products and services, and unwelcoming corporate environments\(^\text{26} \text{ 27}\).

In tackling gender gaps, investors and companies can unlock opportunities for enhanced profitability, growth, and innovation. Gender-diverse teams have shown they can deliver better returns with lower volatility and create stronger markets for products and services that are directed to their needs\(^\text{28}\). An analysis of Calvert Impact Capital’s portfolio from over 11 years revealed that greater gender diversity can lead to better financial performance\(^\text{29}\) since borrowers with more women in leadership positions yield significant increases in financial performance and had higher returns than those led by men\(^\text{30}\). Moreover, dedicated investments in gender outcomes have shown to improve a company’s human capital, market growth, innovation, and other critical business benefits\(^\text{31}\). For example, investing in gender solutions that reduce absenteeism can lead to reduced staffing shortages, reduced overtime, and increased productivity\(^\text{32}\).

\(^{\text{21}}\) IFI, Closing the Gender Finance Gap Through the Use of Blended Finance, 2022
\(^{\text{22}}\) IDB Invest, Advancing Gender Equality with Incentives that Work, 2022
\(^{\text{24}}\) Inter-American Development Bank, Research Insights: Do Bank Officers Favor Male over Female Loan Applicants?, 2020
\(^{\text{25}}\) IDB Invest, Uncovering the Hidden Cost of Gender Biases in Lending to Women, 2022
\(^{\text{26}}\) IRENA, Renewable Energy: A Gender Perspective, 2019
\(^{\text{27}}\) World Bank, Closing Gender Gaps in Latin America and the Caribbean, 2020
\(^{\text{28}}\) World Bank, Closing Gender Gaps in Latin America and the Caribbean, 2020
\(^{\text{29}}\) Dalberg, How to Invest in an Inclusive Business Recovery in Latin America, 2021
\(^{\text{30}}\) ESADEx and IDB Invest, Gender Lens Investing: How finance can accelerate gender equality in Latin America and the Caribbean, 2019
\(^{\text{31}}\) Dalberg, Gender Lens Investing: Moving Beyond A Trend, 2018
\(^{\text{32}}\) Results are from Calvert’s specific portfolio, not about every GLI investment
\(^{\text{33}}\) Calvert Impact, Just Good Investing: Why gender matters to your portfolio and what you can do about it, 2018
\(^{\text{34}}\) IFC, Investing in Women: New evidence for the business case, 2017
\(^{\text{35}}\) IFC, Investing in Women: New evidence for the business case, 2017
**Blended Finance as a potential solution to systemic gender challenges.**

Blended Finance is the combination of concessional finance from donors or third parties alongside development finance institutions’ (DFIs) own capital and/or commercial finance from other investors, to develop private sector markets, address the Sustainable Development Goals (SDGs), and mobilize private resources.\(^{33}\)

This strategy can crowd in private resources and deliver development outcomes, supporting sustainable commercial solutions, reinforcing markets, and promoting quality private sector provision of goods and services. DFIs have used Blended Finance approaches for both direct investments and to support projects or investments indirectly through intermediaries or other financial institutions. Public capital, which may come from governments, development agencies, or philanthropic organizations, is used to rebalance the risk of an investment and make investments more attractive to private investors. The key features of Blended Finance include leveraging concessional funds to unlock private sector investments, reducing the risks associated with investments in challenging or less financially viable sectors, and mobilizing additional capital for projects that have a positive social or environmental impact. Blended Finance is a potential lever for addressing gender-related market failures like market inertia and asymmetric information. Blended Finance solutions can facilitate the integration of gender objectives, among other development goals, into an existing business case or investment thesis, shifting patterns of behavior through economic incentives or reducing actual or perceived risk. Additionally, they can promote enhanced data collection practices that incorporate gender disaggregation, and, when applied systematically across a portfolio, create new opportunities in investment markets, resulting in expanded market scale.\(^{35}\) The inclusion of these instruments is particularly relevant in regions like LAC, characterized by persistent gender disparities and market failures that hinder the inclusion of women and the development of transformative solutions to address their unique needs.\(^{36}\)

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\(^{33}\) IDB Invest and partners, DFI Working Group on Blended Concessional Finance for Private Sector Projects, 2023  
\(^{34}\) UNCDF, Financing Sustainable Women’s Economic Empowerment in the LDCs, 2021  
\(^{35}\) OECD, Blended Finance for Gender Equality and the Empowerment of Women and Girls, 2022  
\(^{36}\) World Bank, Closing Gender Gaps in Latin America and the Caribbean, 2020
Blended Finance instruments are gaining traction as tools to tackle gender equality challenges, with more growth expected in the years to come\(^{37,38}\). One quarter of Blended Finance projects worldwide\(^ {39}\) already integrate a gender equality component, though the majority of these have gender as a secondary or partial objective. These projects are reported to be relatively small, with gender-focusing Blended Finance deals averaging only one-third of the average Blended Finance deal value\(^ {40}\). For LAC, this sum is smaller, with only 14% of gender-related Blended Finance deals having gender as a partial focus and one percent as a principal focus. Still, the sector is expected to experience growth in the upcoming years given the rising number of LAC-focused impact investors and capital mobilizers that have internal gender equality policies and that are incorporating gender goals as a priority within their strategies\(^ {41}\).

When embedded into blended deal structures, technical assistance (TA) can also play a relevant role in generating gender-oriented outcomes. Gender-focused TA initiatives encompass a range of strategies, including the assessment of gender equality performance in the workplace, supply chains, and communities as well as, the implementation of women-centered design of products and services. A 2022 report by the Gender-Smart Enterprise Assistance Research Coalition (G-SEARCh) found that gender-focused TA can contribute to positive business and social outcomes for companies and their stakeholders: 71% of SMEs that received these services reported they increased their pride or loyalty for the company, 67% reported increased knowledge and skills, and 57% reported increased income or job engagement\(^ {42}\).

Performance-based incentives (PBIs) as a Blended Finance mechanism for accelerating gender outcomes\(^ {43}\).

PBIs are transfers of capital or other material rewards from an investor to an investee, provided contingent on improved performance or achieving a particular type of outcome. According to Consultative Group to Assist the Poor (CGAP), impact-linked finance approaches like PBIs can help investors seize gender opportunities and accelerate gender-specific objectives, encourage accountability and transparency, and foster collaboration among stakeholders\(^ {44}\). Moreover, incentive-based financing can raise the demand for gender-related technical assistance and education\(^ {45}\).  

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\(^{37}\) OECD, Blended Finance for Gender Equality and the Empowerment of Women and Girls, 2022  
\(^{38}\) Chemonics, Blended Finance for Gender Lens Investing, 2021  
\(^{39}\) Global estimation based on Convergence’s database. Data is collected from i) credible public sources like press releases, ii) data sharing agreements, and iii) validation exercises with Convergence members.  
\(^{40}\) Convergence, Blended Finance and Gender Equality, 2018  
\(^{41}\) UN Women, Gender Impact Investment in the Latin American and Caribbean region, 2020  
\(^{42}\) G-SEARCh, Business and Social Outcomes of Gender-Smart Technical Assistance Activities in Small and Medium Enterprises, 2022  
\(^{43}\) World Bank, The Global Partnership for Results-Based Approaches, How to close gender gaps with results-based financing in energy projects, 2020
PBIs can be set up to address market failures that exacerbate gender inequality, while reducing transaction costs and improving clients’ ability to measure and manage impact. Through PBIs, Blended Finance providers can seek to reduce imperfect information and information asymmetries related to women’s capabilities and participation in key sectors. They can be set up to motivate companies to search more intentionally for women employees, offer career information and networking support for women, and in the case of financial institutions, offer more access to credit to women-led businesses. In targeting specific clients within a broader industry, PBI schemes can aim to create demonstration effects, with investees that push beyond traditional resource constraints, recalibrate traditional risk-return calculations and create a track record of activity that can be replicated by peers. Tying financial results to these programs could force increased coordination across firms, and—especially among senior leadership—align perceptions of the benefits of on-lending to women businesses and their participation in a variety of functions, as a result reducing unconscious bias. Moreover, projects with instruments linked to results typically require an exhaustive monitoring and evaluation system, pushing clients and investors to obtain gender disaggregated data and closely track gender-specific progress in environments that may have been otherwise fundamentally data-scarce.

In practice, only a handful of attempts stand out in which PBIs have been applied to tackle gender equality issues—and evidence on their impact remains wanting. For deployers like the International Finance Corporation (IFC), PBIs have proven useful in tackling biases in the financing sector, helping to reduce actual and perceived risks by providing a cushion of additional resources for clients, tying funding to results, and targeting specific gender-based preconceptions that perpetuate gender gaps. Goldman Sachs and IFC established the Women Entrepreneurs Opportunity Facility (WOFO) in 2014, a global finance facility aimed at supporting women-owned enterprises in developing countries by combining financial incentives with advisory services. Initial findings indicate a 94% increase in the number of female-led businesses receiving loans in IFC investments that had a PBI, compared to 84% without such incentives. Additionally, client banks involved in the program observed a growth of 86% in lending to WSMEs over three years vs. baseline. The European Investment Bank (EIB) also has a gender investing strategy that links funding to specific gender outcomes. Among its projects is the Jasmine Private Market Fund, which aims to achieve a workforce composition with over 60% female employees in the new jobs created by portfolio companies. The Global Partnership for Results-Based Approaches (GPRBA), in collaboration with the World Bank, has undertaken seven initiatives since 2017 incorporating gender-focused PBIs, with results expected soon as projects begin their close-out phase. Publicly available descriptions of these transactions have yet provided no evidence on the effects and benefits for women or girls that participated or were tangentially affected. Related publications have centered on the business case of the transaction or on anecdotal examples on initiative progress, rather than empirical evidence on the impact created.

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44 GCGAP, Incentivizing Gender Outcomes through Innovative Investment Structures, 2023
45 G-SEARCh, Business and Social Outcomes of Gender-Smart Technical Assistance Activities in Small and Medium Enterprises, 2022
47 Impact Alpha, How incentives can successfully steer capital toward impact, 2022
48 IFC, Closing the Gender Finance Gap Through the Use of Blended Finance, 2022
49 Goldman Sachs & IFC, IFC & Goldman Sachs 10,000 Women: Investing in Women’s Business Growth, 2019
50 EIB, Gender Equality and Women’s Economic Empowerment, 2022
51 Convergence, Assessing Gender Lens Investing in Blended Finance, 2020
52 Syspons, Research Study on the Transformative Impact of Gender-Lens Investing, 2021
Evaluating success in projects that incorporate gender outcomes stands out as particularly difficult given that most implementers have not adopted a systematic approach to monitor and measure the impact of their programs. Organizations often fail to structure gender finance products comprehensively and consistently through a strategy design process. This leads to an ad-hoc process for defining gender objectives for each transaction and a set of milestones, targets, and objectives that may have challenges to be tracked and thus difficult to evaluate. Despite the available resources related to gender assessment methodologies like the GEM Framework\textsuperscript{54}, ICRW scoring tool\textsuperscript{55}, and SWEEF Gender ROI\textsuperscript{56}, there is not a single defined guide to measure impact or set of results metrics that help institutions collect gender data and capture gender equality outcomes. While encouraging compared to prior years, only 33% of blended deals in the Convergence database have reported gender-disaggregated data\textsuperscript{57}, but as shown in a 2020 report by Investors for Equality, gender-sensitive impact measurement is nascent and poorly standardized\textsuperscript{58}. What’s more, each transaction depends on the capacities of the implementing organization or company to track results and their own understanding of gender indicators. As highlighted also by the most recent 2X Challenge learnings report\textsuperscript{59}, it remains critical for investors, implementers, and investees to align on a learning agenda, agree upon standards for data collection, and elevate best practices.

\textsuperscript{54} MEDA, The GEM Framework
\textsuperscript{55} ICRW, Gender Scoring Tool
\textsuperscript{56} Convergence, SWEEF Gender ROI, 2023
\textsuperscript{57} Convergence, Assessing Gender Lens Investing in Blended Finance, 2020
\textsuperscript{58} Investors for Equality, Gender Impact Investment in the Latin American and Caribbean Region, 2020
\textsuperscript{59} 2X Challenge and Dalberg, Shared Insights Report, 2022
The role of IDB Invest in advancing PBIs through its Blended Finance portfolio.

As a Blended Concessional Finance allocator and market shaper, IDB Invest has promoted gender equality through blended solutions in LAC. As the private sector arm of the IDB Group, one of IDB Invest’s aims is to accelerate the current rate of progress to achieve gender parity in LAC and empower women, with focused attention on actions that the private sector can take to generate these impacts and on the basis of setting metrics to measure success.

This has played out through a diverse array of networks and relationships with partners like Women Entrepreneurs Finance Initiative (We-Fi), the Canadian Climate Fund for the Private Sector in the Americas (C2F) and the Clean Technology Fund (CTF), who seek to expand gender impacts across industries such as the financial sector, manufacturing, renewable energy, and construction. More recently, with We-Fi, IDB Invest established the WeForLAC program, with the aim of providing targeted knowledge, technical assistance, and capacity building to clients and supporting the integration of gender considerations into their operations and strategies.

To support gender equality through the design of its Blended Finance transaction structures, IDB Invest began implementing PBIs in 2015. Projects are selected in line with the DFI Blended Finance Principles, with PBIs designed to encourage clients in the energy and infrastructure, corporate, and financial institution sectors to hire and educate more women in under-represented roles, and to increase access to finance and markets for women entrepreneurs and WSMEs. IDB Invest has offered interest rate reductions or performance grants, underpinned by gender-related performance milestones such as hiring requirements for women employees in construction and energy projects, participation in internship programs, increases in the number of WSMEs that receive loans from financial institutions, and increases in the number and volume of purchases from WSMEs in the supply chain of anchor companies, among others. These milestones are expected to be achieved within a specific timeframe in order to successfully activate the incentive.

IDB Invest has offered advisory services designed to support client operations, working in close complement to the incorporation of PBIs when a transaction has specific gender outcome achievement incentives. Support needs are determined based on materiality analyses that indicate pain points and identify opportunities for impact within clients’ operations. Activities offered through advisory services include, for example, developing a more inclusive human capital strategy in infrastructure organizations by creating human resource policy recommendations, diversity and inclusion training, and mentoring programs. Additionally, IDB Invest works with financial institutions to uncover potential opportunities and unserved or under-served segments through market research, product and service development, portfolio identification and segmentation, and strategy development. IDB Invest has also helped corporate clients with their value chain strategy, procurement policy, and service contracting recommendations as well as suggestions for the development of more inclusive value chains.

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60IDB Invest, Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, 2019

61Development Finance Institutions, DFI Working Group on Blended Concessional Finance for Private Sector Projects, 2017 – among which (i) Additionality of the investment; (ii) Crowding-in and Minimum Concessionality; (iii) Commercial Sustainability; (iv) Reinforcing Markets; and (v) Promoting High Standards

62IDB Invest is presently in the process of developing a manual to formalize the technical assistance process.
While IDB Invest has clear expectations for the impact logic of each of its investments, including those that received PBIs, as outlined above, no in-depth assessment had been undertaken up to now on the results achieved by this set of investments, and external evidence is very limited. Following IDB Invest Impact Management Framework\(^{63}\), all projects in the portfolio, including those with PBIs, are supervised on an annual basis and are evaluated after some years of implementation. Despite this, no program evaluation of these initiatives as a whole has been conducted to date by IDB Invest. This is exacerbated by the limited public evidence on the results of gender impact strategies, particularly in LAC. Also, as shown before, the specific evidence of impact for PBI programs, particularly with a gender focus, is very limited worldwide. Given this, the IDB Invest portfolio, which includes some closed and some ongoing PBI projects, provides a unique opportunity to review the potential depth and breadth of impact for a PBI program, complemented with technical assistance, and with a gender focus. This report can help practitioners understand the drivers for continued impact and the main challenges programs such as these could expect to encounter.

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This paper gathers learnings on the impacts of both PBIs and the TA applied to PBI programming for gender outcomes by answering three main questions:

1. Did the gender program have any reported impacts on gender equality?

This is evaluated through an assessment of perceived impact by clients and IDB Invest officers. This question is also under assessment through a parallel quantitative analysis which will complement this report, to be published as a technical note at a later date64.

2. Did the gender program achieve impacts beyond what was reported?

This is evaluated through an analysis of both the intended impacts, the additional perceived direct and indirect impacts, possible knowledge spillovers, creation of networks, changes in behaviors, attitudes, internal capacities, and processes.

3. What are the drivers behind the successes or constraints of these programs?

This is evaluated through an assessment of programs’ design and implementation approaches, as well as a contextualization of other external factors like cultural barriers, market conditions, and enabling environments that may have played a part in program performance.

Building on the context provided in this section, this report provides: (i) an overview of the methodological process undertaken to develop the analysis; (ii) a summary of the main insights derived from an analysis of IDB Invest’s gender Blended Finance portfolio and main results of the undertaken case studies; (iii) recommendations for both IDB Invest and relevant external stakeholders to help improve Blended Finance approaches to advance gender outcomes; and (iv) supplementary annexes, including a set of seven case studies of selected IDB Invest clients that received gender PBIs.

64 This technical note will look specifically at the effectiveness of these instruments of PBI projects against their counterfactuals, using causal impact evaluation techniques.
This evaluation leverages a primarily qualitative approach, combining interviews with IDB Invest officers and case studies with selected client organizations that received a PBI, as well as brief quantitative questionnaires completed by the selected clients as well as IDB Invest Officers. This approach aims to provide an initial understanding of the program’s effectiveness and identify key factors influencing the success or failure of PBI programs. The conclusions reached through this qualitative research should not be understood to be causal in nature.

The case studies assessed are part of a portfolio of 23 IDB Invest projects that have received support through PBIs aimed at achieving various gender-related objectives, including operational enhancement, educational initiatives, contracting opportunities, improved access to financing, and market participation.

The portfolio includes projects approved from 2015 to the most recent in first half of 2023, and are categorized into three segments: infrastructure and energy, financial institutions, and corporates.
Within the infrastructure and energy sector, these projects were required to fulfill gender-related objectives such as meeting hiring quotas for women in construction and operational roles, providing diversity and inclusion training for employees, offering training opportunities for women to work in their facilities, and implementing gender action plans (see Figure 3).

In the financial institutions segment, PBI programs focused on expanding their portfolio of WSMEs, and conducting research to gain insights into this market segment. Lastly, corporate sector projects focused on increasing the number of WSMEs participating in value chains, initiating internship programs for women, and increasing the female workforce within each organization.

Out of the 23 projects in the gender-focused PBI portfolio, 7 clients comprising 9 projects, were selected to participate in the case studies, following criteria to ensure a correct representation of this portfolio (See Figure 4). The mix of projects selected for case studies, combine projects in the three aforementioned segments, as well as variety in gender milestones (some occupational, others educational or operational) and situated in several geographies, spanning Mexico, Central America, the Andean region, Brazil and the Southern Cone. The seven companies chosen for the case studies had final or preliminary results of the PBI program and in most cases included gender-related TA.

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65 Two of the clients encompassing 3 projects with PBIs, interviewed for the Case Studies were kept anonymous for the purpose of this report.
66 There are different types of TAs provided, In-house TA was provided exclusively by IDB Invest, external TA was provided both by IDB Invest and an external contractor.
### Figure 4: PBI transactions assessed through case studies of seven IDB Invest clients

<table>
<thead>
<tr>
<th>Client</th>
<th>Project status</th>
<th>Project cost</th>
<th>Type of PBI</th>
<th>Sector</th>
<th>PBI status</th>
<th>Gender milestones</th>
<th>Technical Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Elcatex</strong></td>
<td>Ongoing</td>
<td>64M</td>
<td>Performance grant</td>
<td>Corporate</td>
<td>One target achieved as of 2022</td>
<td>Access to market</td>
<td>External</td>
</tr>
<tr>
<td><strong>Bright</strong></td>
<td>Completed</td>
<td>20M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>External</td>
</tr>
<tr>
<td><strong>Atlas-New Juazeiro</strong></td>
<td>Completed</td>
<td>125M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>External</td>
</tr>
<tr>
<td><strong>Atlas - Casablanca</strong></td>
<td>Completed</td>
<td>254M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>In-house</td>
</tr>
<tr>
<td><strong>Renewable Energy Project I</strong></td>
<td>Completed</td>
<td>121M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>None Provided</td>
</tr>
<tr>
<td><strong>Renewable Energy Project II</strong></td>
<td>Completed</td>
<td>162M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>External</td>
</tr>
<tr>
<td><strong>Renewable Energy Project III</strong></td>
<td>Completed</td>
<td>78M</td>
<td>Interest rate adjustment</td>
<td>Energy &amp; Infrastructure</td>
<td>Fully achieved</td>
<td>Educational &amp; Operational</td>
<td>External</td>
</tr>
<tr>
<td><strong>BAC El Salvador</strong></td>
<td>Ongoing</td>
<td>60M</td>
<td>Performance grant</td>
<td>Financial Institutions</td>
<td>Fully achieved as of 2022</td>
<td>Access to finance</td>
<td>External</td>
</tr>
<tr>
<td><strong>Banco Pichincha</strong></td>
<td>Ongoing</td>
<td>100M</td>
<td>Performance grant</td>
<td>Financial Institutions</td>
<td>Under revision</td>
<td>Access to finance</td>
<td>External</td>
</tr>
</tbody>
</table>
In-depth interviews were conducted with these seven organizations and the IDB Invest Officers involved in these transactions to explore the PBI program’s depth and breadth of impacts and identify both drivers and constraints for achieving desired outcomes. The structured interviews followed a rigorous methodology, ensuring consistency and comparability across projects. To facilitate direct comparability, a short quantitative survey component was integrated into each interview (see Annex VI), which allowed for the systematic collection of quantitative data across client organizations and IDB Invest Officers, for a better assessment of their experiences and outcomes within the program.
Results and Findings

IDB Invest’s PBI portfolio with a gender focus is comprised of 23 projects, which include different types of investments with distinct designs PBIs.

Figures 5 and 6 show the different IDB Invest PBI portfolio divided by type of incentive. The majority of PBIs are made up of interest rate adjustments, followed by performance grants and share transfers to employee’s pool (equity), all of these awarded when the predetermined gender objectives are successfully met.

In terms of segment, half of the projects belong to infrastructure and energy (52%), followed by financial institutions (35%) and corporates (13%). Clients with PBIs have an average project cost of approximately US$515 million (median US$70 million) and are distributed across the region, being Brazil, Ecuador and Mexico the countries with the highest number of projects.
Figure 5: Gender-focused PBI transactions within IDB Invest Blended Finance portfolio (interest rate adjustment)

<table>
<thead>
<tr>
<th>Brief description of the client</th>
<th>Segment</th>
<th>Year of Approval</th>
<th>Estimated Project Cost (million USD)</th>
<th>Status</th>
<th>Interest rate reduction</th>
<th>Incentive granted</th>
<th>Details about the achievement of milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficient municipal public lighting system</td>
<td>Infrastructure &amp; Energy</td>
<td>2015</td>
<td>$25</td>
<td>Special Assets</td>
<td>2.70%</td>
<td>Yes, partially</td>
<td>A percentage of the incentive was granted. Due to issues regarding the Financial Statements that the client was presenting, it was decided that until that situation was solved, no incentives would be granted.</td>
</tr>
<tr>
<td>Renewable energy systems project</td>
<td>Infrastructure &amp; Energy</td>
<td>2015</td>
<td>$20.00</td>
<td>Supervision</td>
<td>1.80%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Photovoltaic power plant</td>
<td>Infrastructure &amp; Energy</td>
<td>2015</td>
<td>$5.95</td>
<td>Closure</td>
<td>1.13%</td>
<td>Yes, partially</td>
<td>A percentage of the incentive was granted. Then the transaction was repaid in full - no incentives could be granted anymore, but they complied with all targets.</td>
</tr>
<tr>
<td>Renewable Energy Project I</td>
<td>Infrastructure &amp; Energy</td>
<td>2015</td>
<td>$121.00</td>
<td>Closure</td>
<td>0.75%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Municipalities installing high efficiency LED technology for public street lighting</td>
<td>Infrastructure &amp; Energy</td>
<td>2016</td>
<td>$9,707.69</td>
<td>Special Assets</td>
<td>1.50%</td>
<td>No</td>
<td>Client never met targets</td>
</tr>
<tr>
<td>Renewable Energy Project II</td>
<td>Infrastructure &amp; Energy</td>
<td>2017</td>
<td>$162.00</td>
<td>Supervision</td>
<td>1.00%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Renewable Energy Project III</td>
<td>Infrastructure &amp; Energy</td>
<td>2017</td>
<td>$78.00</td>
<td>Supervision</td>
<td>1.00%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>FI that promotes access to financing for small-scale photovoltaic solar energy systems</td>
<td>Financial Institutions</td>
<td>2019</td>
<td>$110.00</td>
<td>Supervision</td>
<td>0.07%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Photovoltaic power plant</td>
<td>Infrastructure &amp; Energy</td>
<td>2020</td>
<td>$125.00</td>
<td>Supervision</td>
<td>1.50%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Construction of photovoltaic solar power plants</td>
<td>Infrastructure &amp; Energy</td>
<td>2020</td>
<td>$243.56</td>
<td>Supervision</td>
<td>1.75%</td>
<td>Yes</td>
<td>Client met all targets</td>
</tr>
<tr>
<td>Off-grid solar energy project</td>
<td>Infrastructure &amp; Energy</td>
<td>2020</td>
<td>$22.00</td>
<td>Supervision</td>
<td>-</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
<tr>
<td>Development of an industrial park</td>
<td>Corporate</td>
<td>2021</td>
<td>$56.00</td>
<td>Supervision</td>
<td>1.00%</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
<tr>
<td>Solar photovoltaic project</td>
<td>Infrastructure &amp; Energy</td>
<td>2021</td>
<td>$33.33</td>
<td>Supervision</td>
<td>1.00%</td>
<td>On-going</td>
<td>The incentive is not effective yet as the transaction is in the disbursement stage. Evidence related to second Milestone has not been sent by the client yet as they have not started the construction period.</td>
</tr>
</tbody>
</table>

Notes: * indicates share transfers to employees pool; ‘Segment’ indicates segment of the client; ‘Incentive granted’ indicates the current status of the incentive: “Yes” means that the incentive has been fully granted; “On-going” denotes clients have not yet initiated reporting on their milestones or have started but still have upcoming milestones to achieve; “Not yet” applies to clients whose 2022 reporting data is under review; “No” indicates that the incentive was not granted; ‘Year of Approval’ indicates Year of approval of the project; ‘Country’ indicates country of approval of the project; ‘PBI amount (USD)’ indicates monetary value of the incentive; ‘Total Funding Required (USD)’ indicates total funding required for the project; ‘Status’ indicates status of the project; ‘Interest rate reduction’ indicates interest rate reduction received.
Across the IDB Invest PBI portfolio, projects are at different stages of their execution. For those that are more advanced, the majority have achieved targets set by PBIs. As portrayed, only 2 projects have fully matured and have had final evaluations, the rest are still in supervision stage. Of the matured projects, one of the projects fully received its incentives and the other, although reaching its intended targets, did not receive the incentive given that the project was prepaid in advance and went out of IDB Invest portfolio. For the projects in supervision, 8 have already received an incentive, 8 were recently approved and it is still too early to assess their performance, one client has not reported data, and two clients have not been able to reach intended targets. Lastly, two projects are in Special Assets, and one of them has reached its targets and one has not.

Notes: 'Segment' indicates segment of the client; ‘Incentive granted’ indicates the current status of the incentive: “Yes” means that the incentive has been fully granted; “On going” denotes clients have not yet initiated reporting on their milestones or have started but still have upcoming milestones to achieve; “Not yet” applies to clients whose 2022 reporting data is under review; “No” indicates that the incentive was not granted. “Year of Approval” indicates Year of approval of the project; ‘Country’ indicates country of approval of the project; ‘PBI amount (USD)’ indicates monetary value of the incentive; ‘Total Funding Required (USD)’ indicates total funding required for the project; ‘Status’ indicates status of the project; ‘Interest rate reduction’ indicates interest rate reduction received.

---

**Figure 6: Gender-focused PBI transactions within IDB Invest Blended Finance portfolio (grant)**

<table>
<thead>
<tr>
<th>Brief description of the client</th>
<th>Segment</th>
<th>Year of Approval</th>
<th>Estimated Project Cost (million USD)</th>
<th>Status</th>
<th>PBI amount (USD)</th>
<th>Incentive granted</th>
<th>Details about the achievement of milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institution in Colombia</td>
<td>Financial Institutions</td>
<td>2020</td>
<td>$100</td>
<td>Supervision</td>
<td>$300,000</td>
<td>On-going</td>
<td>Client reported 2022 but did not meet the target. Since the targets are cumulative, the incentive is ongoing. If the client achieves the 2023 targets, the incentive will be fully granted.</td>
</tr>
<tr>
<td>Textile company in Honduras</td>
<td>Corporate</td>
<td>2020</td>
<td>$64</td>
<td>Supervision</td>
<td>$210,000</td>
<td>Yes, On-going</td>
<td>Client met 2021 and 2022 targets</td>
</tr>
<tr>
<td>Financial institution in El Salvador</td>
<td>Corporate</td>
<td>2020</td>
<td>$60</td>
<td>Supervision</td>
<td>$450,000</td>
<td>Yes, On-going</td>
<td>Client met 2022's target</td>
</tr>
<tr>
<td>Financial institution in Ecuador</td>
<td>Corporate</td>
<td>2021</td>
<td>$100</td>
<td>Supervision</td>
<td>$200,000</td>
<td>Not yet</td>
<td>Information reported for year 2022 is being analyzed</td>
</tr>
<tr>
<td>Financial institution in Ecuador</td>
<td>Financial Institutions</td>
<td>2021</td>
<td>$248.55</td>
<td>Supervision</td>
<td>$500,000</td>
<td>On-going</td>
<td>Client reported 2022 but did not meet the target. Since the targets are cumulative, the incentive is ongoing. If the client achieves the 2023 targets, the incentive will be fully granted.</td>
</tr>
<tr>
<td>Financial institution in Ecuador</td>
<td>Financial Institutions</td>
<td>2021</td>
<td>$15</td>
<td>Supervision</td>
<td>$400,000</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
<tr>
<td>Financial institution in the Dominican Republic</td>
<td>Financial Institutions</td>
<td>2021</td>
<td>$10</td>
<td>Supervision</td>
<td>$100,000</td>
<td>On-going</td>
<td>Information reported for year 2022 is being analyzed</td>
</tr>
<tr>
<td>Financial institution in El Salvador</td>
<td>Financial Institutions</td>
<td>2022</td>
<td>$70</td>
<td>Supervision</td>
<td>$100,000</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
<tr>
<td>Solar photovoltaic project in Brazil</td>
<td>Infrastructure &amp; Energy</td>
<td>2022</td>
<td>$453.70</td>
<td>Supervision</td>
<td>$1,000,000</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
<tr>
<td>Financial cooperative in Ecuador</td>
<td>Financial Institutions</td>
<td>2023</td>
<td>$20</td>
<td>Supervision</td>
<td>$210,000</td>
<td>On-going</td>
<td>Client has not reported yet</td>
</tr>
</tbody>
</table>

---

67 Following Good Practice Standards for Evaluation, IDB Invest conducts a final evaluation on projects that reach Early Operating Maturity, which is a date when the project has been fully completed, the funds have been fully disbursed, and the expected development results should have been observed, if any.

68 Indicates assets in distressed status – for more information, access IDB INVEST Disclosure Statement Operating Principles for Impact Management, 2023
Promoting Gender Equality through Performance-based Financial Incentives

**Six key findings emerged from the 7 case studies.**

PBI programs were perceived to have increased the likelihood of success of the gender program. They also helped accelerate timelines for gender objectives, shifted internal perspectives on gender roles, and produced spillover effects across clients’ industries.

Finally, a set of shared factors across program design, technical assistance, and governance were highlighted as critical to achieving gender outcomes and should help guide future gender programs.

**Figure 7: Overview of findings under each guiding research question**

<table>
<thead>
<tr>
<th>Did the gender program have any reported impacts on gender equality?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINDING 1:</strong> Stakeholders involved in PBI transactions believe that incentives played a role in increasing the likelihood of gender program success.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Did the gender program achieve impacts beyond what was reported?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINDING 2:</strong> Incentives contributed to the acceleration of timelines, enabled the achievement of targets beyond those initially set, and provided critical justification for resource allocation toward gender programming within client organizations.</td>
</tr>
<tr>
<td><strong>FINDING 3:</strong> Incentives resulted in positive spillovers, like the shifting of internal mindsets, the creation of demonstration effects, and the generation of new networks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What are the drivers behind the successes or constraints of these programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINDING 4:</strong> Despite the absence of historical benchmarks, targets were perceived to be both achievable and sufficiently ambitious as a result of proper early investment in setting baselines.</td>
</tr>
<tr>
<td><strong>FINDING 5:</strong> The implementation of technical assistance alongside the application of incentives built necessary capacity across clients and aligned interests across stakeholders.</td>
</tr>
<tr>
<td><strong>FINDING 6:</strong> The introduction of flexibility in program design and supervision empowered clients to achieve gender targets.</td>
</tr>
</tbody>
</table>

Source: Dalberg analysis
**FINDING 1:**
Stakeholders involved in PBI transactions believe that incentives played a role in increasing the likelihood of gender program success

As part of this ex-post assessment, both clients and IDB Invest officers surveyed\(^{69}\) were asked to rate the perceived likelihood of achieving their gender outcomes before and after the incentive was provided\(^{70}\). As shown in Figure 8, results show that before the incentive was provided this likelihood was, on average, 5.1 out of 10; after the incentive was introduced, this average increases to 9.1 out of 10. This growth is also consistent with the internal perceptions of participating IDB Invest officers, who initially rated the likelihood of client organizations achieving their selected gender objectives without the incentive with an average rating of 5.5 out of 10. After the incentive program was introduced, both client organizations and IDB Invest officers reported an increased perceived likelihood of achieving these objectives, with officers increasing their rating to an average of 8.3 out of 10.

**Figure 8: Survey results - From your perspective, how likely was the project to achieve the gender targets before / after the introduction of the incentive?**

<table>
<thead>
<tr>
<th></th>
<th>Very unlikely</th>
<th>Before incentive</th>
<th>After incentive</th>
<th>Extremely likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>5.1</td>
<td>9.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDB Invest officers</td>
<td>5.5</td>
<td>8.25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Dalberg Quantitative Assessment

Note: Average score based on the perception of the respondents, on a scale 0 -10, where 0 being very unlikely and 10 being extremely likely

\(^{69}\) This survey was taken after the incentive program was launched and, in some cases, after the project had been completed.

\(^{70}\) The likelihood was rated on a scale from 0 to 10, with 0 indicating that the perceived likelihood was very low and 10 indicating a high perceived likelihood.
FINDING 2:
Incentives contributed to the acceleration of timelines, enabled the achievement of targets beyond those initially set, and provided critical justification for resource allocation toward gender programming within client organizations.

Interviews with clients indicated that PBIs pushed them to speed up gender plans and encouraged more ambitious target-setting. All clients interviewed indicated that the incentive was perceived to be “difficult to achieve” as the deal closed. 80% indicated that, without the program, they could have possibly achieved the gender outcomes but it would have required a longer timeline and more resources. Even clients that before the incentive had already started implementing gender programs argued that the incentive pushed them to reach specific milestones sooner than expected. For example, Atlas had previous experience developing and implementing gender action plans and had internal annual gender objectives before participating in the IDB Invest program. Once they started negotiating the gender milestones to obtain the incentive, they felt the targets established by IDB Invest were more ambitious than what they had already planned.

Incentives also enabled the tracking of gender outcomes and making it possible to implement and monitor additional gender-related indicators beyond those initially set by the incentive. 40% of interviewed clients highlighted that gender incentives motivated them to create new processes and coordination mechanisms that help drive business and other impact objectives. From the experience of a renewable energy project, even though they were already targeting gender outcomes before the incentive, it pushed them to define and establish a monitoring framework to keep record of the number of women they were training and hiring. Before the PBI they knew they were helping and targeting women but did not track how many women they were benefiting. With the help of IDB Invest’s advisory support, they implemented special procedures to verify the amount and types of work women employees were undertaking.
Interviews revealed that the incentive program played a significant role in shifting attitudes and influencing behavior beyond the specified targets. All the interviewed clients reported seeing spillover effects within their organizations after the implementation of the incentives program. For clients like Bright and Elcatex, who were embarking on the execution of gender objectives for the first time, it was crucial to undertake additional activities beyond those mandated by the incentive to facilitate the achievement of the incentive. For example, Bright established a continuous relationship with various public universities in Mexico which help provide a pipeline of women talent for the company. Meanwhile, for organizations with prior experience in working towards gender objectives, such as Atlas and Pichincha, the incentive program helped amplify their previous efforts or expedite gender-related processes they had already initiated.

Incentives allowed clients to justify the prioritization of incremental internal resources for gender-related work. A majority of clients interviewed (80%) indicated that the financial reward of the incentive was particularly important to justify shifting internal funding to gender-related projects (e.g., developing an internship program). These clients also pointed to time and staffing constraints at the beginning of operations that would have been difficult to work around for gender projects had they not received direct financial benefits through the incentive.

FINDING 3:
Incentives resulted in positive spillovers, like the shifting of internal mindsets, the creation of demonstration effects, and the generation of new networks

“As a startup, we had very limited resources, and as a result the internship program wouldn’t have been a top priority if it wasn’t for the incentive.”
- IDB Invest client
PBI programs created demonstration effects within client firms. For instance, following the success of New Juazeiro, Atlas chose to implement the same program across their other projects in the region, even though those projects weren’t receiving IDB Invest financing inclusive of a PBI. Similarly, Bright – despite the completion of their contract with IDB Invest and the receipt of the incentive – continues to maintain internship programs geared towards attracting female students pursuing STEM careers. This illustrates that while the incentive plays a crucial role in initially motivating institutions and generating interest in gender-related outcomes, once the program is underway and clients begin to recognize its benefits, gender plans and impact expectations can live on within an organizational identity and mission. Elcatex and another company implementing a renewable energy project, emphasized that their motivation to pursue and sustain gender objectives is not primarily driven by the financial reward accompanying the incentive but rather by the cultural significance they attribute to gender initiatives.

Figure 9: Additional activities and gender programs developed by IDB Invest clients that participated in PBI transactions

<table>
<thead>
<tr>
<th>Company</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATLAS</td>
<td>Created a gender and inclusion committee.</td>
</tr>
<tr>
<td></td>
<td>Created a database with all the CVs of the women they have trained.</td>
</tr>
<tr>
<td></td>
<td>Implemented a DEI committee where they carry workshops related to gender topics.</td>
</tr>
<tr>
<td>BAC EL SALVADOR</td>
<td>Promoted the implementation of digital tools to help the financial process of women.</td>
</tr>
<tr>
<td></td>
<td>Created the Corporate Sustainability Headquarters, focused on gender, energy, and climate protection.</td>
</tr>
<tr>
<td></td>
<td>Implemented annual conferences dedicated to empowering women.</td>
</tr>
<tr>
<td>BRIGHT</td>
<td>Created relevant networks and job offers for female students pursuing STEM careers.</td>
</tr>
<tr>
<td>ELCATEX</td>
<td>Created a gender inclusion program.</td>
</tr>
<tr>
<td></td>
<td>Started tracking gender metrics.</td>
</tr>
<tr>
<td></td>
<td>Created an audit program to supervise their gender metrics.</td>
</tr>
<tr>
<td></td>
<td>Created gender forums dedicated to empowering women.</td>
</tr>
<tr>
<td>PICHINCHA</td>
<td>Started promoting a gender lens throughout their value chain.</td>
</tr>
<tr>
<td></td>
<td>Implemented trainings on gender issues.</td>
</tr>
<tr>
<td></td>
<td>Launched the “SER Impulso Mujer” program.</td>
</tr>
<tr>
<td>RENEWABLE ENERGY PROJECT I</td>
<td>Offered trainings and courses on construction to women.</td>
</tr>
<tr>
<td>RENEWABLE ENERGY PROJECT II &amp; III</td>
<td>Modified their hiring processes with a gender approach.</td>
</tr>
<tr>
<td></td>
<td>Created a gender committee.</td>
</tr>
</tbody>
</table>

Source: Dalberg client interviews
PBIs also prompted clients to develop new relationships with the government, civil sector organizations, and educational institutions. All clients interviewed reached out to external organizations either to support their execution to receive the incentives or to create other initiatives or programs with a gender angle. They consider the involvement of other actors as a key driver of success for achieving the targets, but also an important way to ensure their work was able to transcend the duration of the specific program being implemented. For example, Atlas trained their employees and implemented outreach campaigns to attract more women - made possible thanks to the help they received from secondary schools, technical institutions, and local governments who partnered with Atlas in the effort. Bright and BAC created partnerships with foundations and organizations to carry out new gender programs. Bright allied with REDMEREE, a Mexican network for women in sustainable energy to identify possible female intern candidates and help their interns find new job opportunities. BAC is working with Fundes to dictate financial workshops for women.

Figure 10: Relationships built by IDB Invest clients throughout the incentives program

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>ESTABLISHED RELATIONSHIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATLAS</td>
<td>Secondary schools</td>
</tr>
<tr>
<td></td>
<td>Technical institutions</td>
</tr>
<tr>
<td></td>
<td>EPC Contractors</td>
</tr>
<tr>
<td></td>
<td>Governmental institutions</td>
</tr>
<tr>
<td>BRIGHT</td>
<td>Universities</td>
</tr>
<tr>
<td></td>
<td>Schools</td>
</tr>
<tr>
<td></td>
<td>REDMEREE</td>
</tr>
<tr>
<td>BAC</td>
<td>Fundes</td>
</tr>
<tr>
<td>RENEWABLE ENERGY PROJECT I</td>
<td>Labor unions</td>
</tr>
<tr>
<td></td>
<td>Governmental institutions</td>
</tr>
<tr>
<td>RENEWABLE ENERGY PROJECT II &amp; III</td>
<td>Labor unions</td>
</tr>
<tr>
<td></td>
<td>Universities</td>
</tr>
<tr>
<td></td>
<td>Non-profit organization with a social mission</td>
</tr>
<tr>
<td>PICHINCHA</td>
<td>Financial Alliance for Women</td>
</tr>
<tr>
<td></td>
<td>Acción International</td>
</tr>
<tr>
<td></td>
<td>Red de Instituciones Financieras de Desarrollo</td>
</tr>
</tbody>
</table>

Source: Dalberg client interviews
These alliances also helped create greater awareness about the results of PBIs and gender outcomes across the construction and financial sectors. Interviewed clients indicated that – since implementing the PBIs – they have anecdotal evidence of other organizations across their countries and sectors starting to develop similar gender programs. One example stands out – after the contract between IDB Invest and a company implementing a renewable energy project ended, the government implemented an identical program, following the same gender targets and funding structure, with other companies in the country. Moreover, Atlas has helped other enterprises in building similar gender programs and establishing agreements with contractors to be able to implement gender targets. In Honduras, Elcatex has reported that other companies have also started implementing inclusion programs to attract more women-led/owned companies to their supply chain and BAC El Salvador has been tracking all their outcomes and internal changes so other BAC subsidiaries in Central America can replicate the program successfully.

"There was another infrastructure project that the government made, and they copied and pasted the same gender targets of the project”
- IDB Invest client
Establishing accurate baselines for gender metrics, particularly for We-Fi clients, played a crucial role in designing effective gender milestones. IDB Invest and its clients invested in a rigorous process to set baselines, which facilitated the establishment of specific and realistic targets. This approach not only motivated clients to aim for ambitious goals but also provided confidence in the target-setting process. Interviewed clients appreciated IDB Invest’s ability to offer high-quality technical assistance to allow them to calculate baselines and the credibility it brought from its sector-specific expertise and track record. In the case of BAC El Salvador, IDB Invest’s provision of technical assistance to estimate baselines was instrumental in supporting the implementation of a gender program in the banking sector. The process not only legitimized target setting but communicated their reasonableness and achievability. For Elcatex, IDB Invest conducted a comprehensive diagnosis and investigation into the company’s organization and value chain. Given the company’s strong track record in including women within its organization, IDB Invest prioritized promoting gender equality in its supply chain and targets were set after a thorough assessment of its performance history through disaggregated analysis.

**Finding 4:**
Despite the absence of historical benchmarks, targets were perceived to be both achievable and sufficiently ambitious as a result of proper early investment in establishing baselines.

**Figure 12:** Survey results - How much would you say that a good incentive design contributed to the project’s achievement of the gender goals?

<table>
<thead>
<tr>
<th>IDB Invest officers</th>
<th>8.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>8.6</td>
</tr>
</tbody>
</table>

*Source: Dalberg Quantitative Assessment*

*Note: Average score based on the perception of the respondents, on a scale 0-10, where 0 being did not contribute and 10 being contribution was fundamental.*
None of the interviewed clients or IDB Invest Officers regarded the established targets as unattainable, rooted in strong coordination across teams and teams’ strong pre-existing motivations to achieve gender milestones. Clients consistently indicated that successful programs were rooted in the involvement of a broad base of stakeholders within each client organization, including departments that may not have had direct involvement in meeting the incentive’s objectives. Clients noted that even areas of each organization that weren’t assigned to achieving the incentive still became engaged in PBI programs. This level of involvement was made possible, in part, by pre-existing interests within each institution in addressing gender issues and promoting gender-inclusive practices, which in turn facilitated the implementation and expansion of internal changes. Clients rated the previous willingness of their teams as fundamental to achieving the incentive, perceiving this factor to be a stronger determinant than as perceived by IDB Invest officers.

Figure 13: Survey results - How much would you say that the team’s prior willingness to pursue gender goals contributed to the achievement of the gender goals?

Source: Dalberg Quantitative Assessment

Note: Average score based on the perception of the respondents, on a scale 0-10, where 0 being did not contribute and 10 being contribution was fundamental
**FINDING 5:**
The implementation of technical assistance alongside the application of incentives built necessary capacity across clients and aligned interests across stakeholders

**Client testimonies underscored the importance of TA in achieving desired outcomes.** Interviewed stakeholders agreed that TA was useful to achieve the established outcomes, with both clients and IDB Invest Officers rating this factor highly. For example, the TA program provided to BAC El Salvador helped spread awareness across teams and employees so they could better establish the financial and impact benefits of the gender program, which consisted on increasing the access to finance for WSMEs.

**Figure 14:** Survey results - How much would you say that the quality of the technical assistance provided contributed to the project’s achievement of the gender goals?

<table>
<thead>
<tr>
<th>IDB Invest officers</th>
<th>8.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Source: Dalberg Quantitative Assessment
Note: Average score based on the perception of the respondents, on a scale 0 -10, where 0 being did not contribute and 10 being contribution was fundamental

**TA was most valued especially for key targeted and sector specific tasks, including providing a gender diagnostic, developing programs that targeted internal gender bias, and creating systems and processes that would enable the achievement of PBIs.** TA was mostly valued at the beginning of projects, particularly when it centered on helping clients with the diagnosis and structuring of a gender
Promoting Gender Equality through Performance-based Financial Incentives

plan, providing helpful insights for the company’s directors and leadership teams on how and why to tackle gender issues. While surveys indicated that clients believed they likely had the necessary human capital to achieve the incentive without the help of TA, they indicated how critical the TA programs were to address important operational capacity gaps to deliver and implement.

**Figure 14:** Survey results - How much do you agree with the following statement: “Without technical assistance, the project still had the necessary human resources / operational capacity to achieve gender objectives”

<table>
<thead>
<tr>
<th></th>
<th>Human resources</th>
<th>Operational capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDB Invest officers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very unlikely</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely likely</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Dalberg Quantitative Assessment

Note: Average score based on the perception of the respondents, on a scale 0–10, where 0 being fully disagree with the statement and 10 being fully agree with the statement

Clients highlighted that the TA provided helped shifting attitudes towards women’s participation and capacity, both within client organizations and more broadly in the STEM and construction sectors. All clients acknowledge that the incentive has played a crucial role in challenging preconceived notions about women’s skills and abilities within their respective scopes of work. Initially, several clients, such as Elcatex and Bright, expressed concerns about the gender metrics established by IDB Invest at the project’s outset, fearing a shortage of women participants. Elcatex believed there weren’t enough WSMEs in Honduras to maintain production levels, while Bright faced challenges in identifying and reaching female students pursuing STEM careers for their internship program in Mexico. However, with the support of the incentive and the TA, all clients have observed changes in biases, perceptions, and behaviors regarding women’s performance and areas of expertise. IDB Invest officers have also noted these transformations based on their experiences working with and supervising clients.

“When you talk to an Elcatex purchasing manager, they tell you that women deliver the products they need faster than men and this is important because they depend on this effectiveness for their contracts.”

– IDB Invest client
In the finance sector, BAC El Salvador recognized the importance of altering mindsets and educating its employees about the improved payment and savings behavior of women-owned businesses. Thanks to the training provided through the TA, their sales team now utilizes specific tools to attract female clients and develop products tailored to their needs. In the case of infrastructure and energy organizations, the gender plans formulated through TA, at the corporate level, helped EPC contractors change their perspective on hiring women for construction tasks. Previously, it had been considered expensive and challenging to involve women in such projects. However, the assistance offered a means to negotiate with these contractors so they could recognize the added value of incorporating women into their workforce. Overall, the program has effectively empowered women and instigated positive changes, offering valuable lessons for promoting gender equality across various industries.

“Thanks to the consulting and focus groups, [BAC] created the program “Mujeres pueden más” to address credit scoring problems, the time that entrepreneurs access credit, and extended the repayment term.”
– IDB Invest client

“[Our technical assistance provider partner] did a very good job at the beginning of the project because they took a tailored approach with our purchasing department, which helped them make recommendations about incorporating gender objectives.”
– IDB Invest client

TA may produce positive spillover effects that go beyond the accomplishment of transaction-specific milestones. Thanks to the TA provided, BAC El Salvador now boasts a specialized credit product that targets women business leaders. The work done through the TAs and the achievements were perceived by clients to have potential for gender-specific impacts beyond the duration of the specific transaction.
Interviews highlight IDB Invest’s flexibility and adaptability as factors that allowed for higher quality results in moments of increased distress. 60% of interviewees indicated it would not have been possible to achieve the incentive if IDB Invest had not embedded some degree of flexibility in the initial design of gender milestones. This is especially relevant given that 13 out of IDB Invest’s 23 gender-focused PBI projects were ongoing during the COVID-19 pandemic and were faced with unexpected challenges for achieving business and gender objectives. Both BAC and Atlas reported they would not have been able to meet the targets if it was not because of IDB Invest’s willingness to extend timelines for specific milestones. In 2021, Atlas had to implement childcare assistance at their Casablanca project in Brazil, but workers were reticent to use shared facilities given transmission risks amid the Delta variant. Atlas therefore negotiated with IDB Invest and agreed to implement gender workshops related to the construction phase of the project while receiving an extension to develop the childcare center. As a result, Atlas was able to continue with the program and receive the incentive without being exposed to additional risk and safety concerns. One client was given a one-year grace period to lay the foundation for their PBI program, which they indicated was vital for their technical capacity to ramp up and without which they would not have achieved their targets in year two.
PBIs remain a relevant innovative finance instrument that DFIs, as well as other investment allocators, should continue to test and deploy moving forward. Qualitative learnings presented in this study point to the importance of aligning PBIs to clients’ strategic objectives, to pairing TA alongside incentives and to embedding flexibility during intervention execution. Twelve specific practices stand out for investors to consider throughout the transaction lifecycle in order to enhance the continued effectiveness of deals with gender PBIs. These are detailed below, drawing from tactical examples from the review of IDB Invest’s PBI Blended Finance portfolio.
Promoting Gender Equality through Performance-based Financial Incentives

Both investees and DFI personnel engaged through this assessment highlighted the critical importance of mapping out and clearly telling the story of how PBIs were designed to generate gender outcomes and, where possible, how PBIs contributed to an investee’s commercial objectives. For investors, sector-specific focus and clarity in intention (on how impact priorities map to addressing critical market failures through a gender incentives program) can ensure team alignment, resource optimization, and the ability to establish a clear workplan at the early stages of portfolio planning and origination.

Figure 15: Recommendations summary infographic

STAGES OF INVESTMENT PROCESS

RECOMMENDATIONS

1. Define PBI-specific impact logics
2. Focus on clients where early alignment potential is high or in sectors where large relative gains may be possible
3. Invest in benchmark and measurement process accuracy
4. Pilot structures that reward intermediate success
5. Consider deploying TA for all investees receiving incentives
6. Standardize PBI-specific reporting processes
7. Track intermediate progress leading up to milestones
8. Create buffer capacity to support investors in instances where large deviations from targets are observed
9. Promote active ‘spillover’ collaborations
10. Measure and aggregate PBI performance data
11. Develop internal learning systems within investee organizations
12. Strengthen collective PBI learning processes across the MDB and DFI community

Source: Dalberg Analysis

Define investment theses and originate investments

RECOMMENDATION 1:
Define sector-specific impact logics that clearly articulate the intended role played by PBIs when integrated into programming.
DFIs, like IDB Invest, already rely on vertical impact logic documents, results matrices and policies that help guide initial alignment on how a transaction aligns to a broader thesis — however, they can work to develop PBI-specific impact theories of change (ToC) or impact logics that specifically outline the expected impacts, outcomes, and outputs per sector and target potential investee that can be measurable and attributable to PBI indicator integration into a deal structure. This ToC should draw from a menu of pre-defined impact targets and objectives when assessing or negotiating with investees at early stages of origination, each linked to evidence and historical application to help bring proposals of PBI integration to life, particularly for clients who are newer to the instrument. Introducing greater logical structure and consistency at this stage can give investors a vantage point on whether their vision of / path to impact is strategically aligned with that of its potential investees. Moreover, categorizing these impact logics more systemically can help strengthen the process for ex-post evidence gathering and evaluation, so as to compare program results with investors’ original impact intentionality.

For investees, clarity on the logic of the incentive and its relationships with results could help create quicker organizational alignment on how to shift internal resources in order to achieve PBI-intended results. As noted in the findings sections of this analysis, approximately 80% of clients interviewed through this evaluation indicated that the financial reward of the incentive was particularly important upfront in order to justify shifting funding to gender-related projects; as well as overcome planning and staffing constraints at the earliest stages of operations. Communicating the logical intentions behind a PBI can therefore enable investors to secure client buy-in and justify the importance behind achieving (and sustaining) targeted results.
RECOMMENDATION 2: In constructing a PBI portfolio, focus on clients where early alignment potential is high or in sectors where large relative gains may be possible.

DFIs could pilot taking a ‘poles’ approach – focusing first or early on investees with a pre-established interest in gender programs, thereby overcoming early hurdles of value misalignment and building a critical mass of investees that generate further demand; and also on clients in sectors that do not usually integrate a gender lens, such as construction and finance, to maximize impact potential, build contextual expertise, and better set targets, baselines, and benchmarks. By delving into these sectors, DFIs can unlock untapped potential for change and address gender disparities that often go unnoticed.

PBI programs encountered data scarcity challenges when establishing baselines and performance indicators, leading to the use of assumptions when setting targets that could have resulted in both overly ambitious or overly conservative project goals. Underpinning this is the limited gender data gathering capacity and capabilities of prospective client teams, as well as the acceptance from the investor that these capacities and capabilities could be strengthened over the course of project execution with the support of technical assistance.

RECOMMENDATION 3: Invest early on in enhancing the accuracy of benchmark-setting and measurement processes.
As a result, investors looking to set up a PBI program should invest early in testing the measurement capacity gaps of their prospective clients, so as to ensure that ex ante indicator setting and ongoing measurement can be performed with high degree of fidelity. Close upfront engagement between investor and investee on data availability and internal data generation capacity could serve as a useful barometer for the adaptation of technical assistance during investment execution, and give investors early opportunities to pre-empt the need to revisit performance data capture once an investment is underway.

The novelty of PBI-inclusive Blended Finance transactions risks coming with initial skepticism across some pockets of client organizations, and generating early-onset fatigue or impatience given the length of result timelines. Research undertaken for this assessment showed how critical it was to leverage the opportunity of financial reward to address any related early skepticism - but this dynamic may not be replicated in client contexts with far lower initial predisposition to undertake gender outcome-focused projects (particularly given how particularly predisposed the self-selected client sample featured in this assessment was).

This may be particularly the case in sectors like infrastructure and energy, where the perception of high additional upfront costs may not be counterbalanced by a large and rigorous base of evidence to justify obvious returns on investment; or because market failures for gender are particularly marked and potential progress on gaps may at first feel hard to achieve.

**RECOMMENDATION 4:**

Pilot transaction structures that more explicitly reward intermediate and ongoing success
As a result, investors designing deals that include PBIs could consider testing the effectiveness of combining a few years’ worth of efforts into more concentrated milestones, or create milestones with staggered thresholds. By incentivizing early wins, even if rewards are only incremental, sponsors within client organizations can find opportunities to effectively address these concerns, garner support for project management, and ensure ongoing commitment to the gender program’s objectives from the outset. Investors could define several potential sets of milestones, e.g., “core/base” and “bonus/reward”, for projects, thereby encouraging high performers to achieve even greater gender impacts, if possible, while rewarding intermediate progress.

**RECOMMENDATION 5:** Consider deploying TA for all investees receiving incentives

All investees engaged through interviews indicated that receiving TA on gender and inclusion issues was a pivotal factor in accomplishing their gender-related goals.

**TA programs like dedicated gender trainings fostered a heightened awareness within the organization about programs’ significance and necessity.** Interviewees were very supportive of staff awareness and educational programs and highlighted major shifts in perceptions and attitudes across firms that enabled the development of other gender outcomes.

PBI providers could start implementing gender trainings for all investees regardless of milestone type, and position TA as not just a mechanism for advancing or accelerating program goals but installing capacity that helps preserve the sustainability of those results – whether the establishment of new committees and collaboration platforms, or deployment of new impact monitoring frameworks.
Many investees participating in PBI transactions faced challenges in documenting and monitoring gender-related results, particularly when embarking on such initiatives for the first time. While the absence of baseline data and well-established benchmarks – as indicated above – perpetuates such challenges in the first place, the need for each investment team and client counterpart team to design and build a new approach to PBI reporting generates transaction costs.

PBI providers should explore PBI-specific standardization, without losing sight of the fact that ‘standards’ do not mean ‘one size fits all’. Investors should be wary of both the tradeoffs and co-benefits that come with standardization and assess those before establishing a standard in the first place – for example, using country-specific (rather than global) definitions or classifications of WSMEs, which if applied could potentially create incentives for local banks to keep tracking country-specific indicators once the financing program is over. Instead, standardization in PBI transactions could focus primarily on direct effects attributable through indicators that are easily replicable or measurable (e.g., on specific kinds of employment targets), and grow to encompass indirect impacts, amongst which the job retention, satisfaction, and wellbeing of women impacted by the PBI; as well as gender integration into the programming and/or core business model of the investee, or market spillovers like networks created with other organizations involved in or impacted by PBI implementation. PBI providers should be wary that this standardization may not be achievable across all investment types, especially if the portfolio of Blended Finance deals is broad – for example, infrastructure and energy projects may vary significantly.

Investors should also pilot the implementation of uniform reporting templates that all investees with comparable PBI targets should utilize. These should not displace – but rather integrate into – existing reporting templates, to minimize displacement effects across existing processes.

RECOMMENDATION 6: Increasingly standardize measurement and management guidelines to streamline reporting and evaluation for PBI-specific deals
**RECOMMENDATION 7:**
Track intermediate progress leading up to milestones

Consistent communication and ongoing tracking between investee and investor emerged as a key driver of performance success, enabling timely obstacle identification and indicator negotiation. Maintaining communication in between reporting cycles proved important in clients’ perceptions of the drivers of PBI project success. PBI providers could also try expanding investee reporting requirements to after the incentive has ended and maintain communications regularly to update progress. Extending contact for at least two years post-program could ensure more comprehensive monitoring, enhance the likelihood of sustained success, and provide a richer view on the impacts achieved and its sustainability.

**RECOMMENDATION 8:**
Create buffer capacity to support investees in instances where large deviations from targets are observed

This includes both intentionally embedding ‘wiggle room’ into program design and creating instances and opportunities for adjustment throughout execution. 60% of interviewees engaged through this assessment indicated it would not have been possible to achieve incentives in the absence of the integration of flexibility in the design of gender milestones. Clients also noted the openness of their investor in considering the postponement of reporting requirements to adapt to sudden restrictions, i.e., those imposed by the Covid-19 pandemic.
**RECOMMENDATION 9:**
Promote active ‘spillover’ collaboration outside of the investor-investee nexus to maximize market failure corrections.

Collaborating with a diverse range of stakeholders enabled the sharing of valuable information and insights from PBI interventions and created outsized impact beyond the immediate goals of each transaction. Investees highlighted the importance of government institutions in providing regulatory guidance and data, the role of labor unions in offering input from the workforce perspective, and the contributions of philanthropic actors who can contribute with additional impact-aligned resources in the spirit of maximizing the leverage of a specific intervention. This collective involvement points to positive spillovers that can be willingly or unwillingly generated by PBI-inclusive transactions.

PBI providers should play an even more proactive role in encouraging such networks to be built as PBI deals are executed and closed to maximize their longer-term impact and efficacy, intentionally establishing broad coalitions of active parties addressing a same subset of market failures. Over time, these networks can help inform even more strategic origination, creating a virtuous cycle in which PBI providers can lean on these networks to better identify priority intervention areas.

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**Report and share learnings**

The absence of broad-based existing data and evidence on PBI gender program benefits – addressed in part, at least initially, through this assessment – should serve as a call to action to generate more performance data and evidence of impact. Aligned with Recommendation 1 on PBI-specific impact logic design, PBI providers should invest in cataloguing and exchanging transaction performance data as it relates to...
target achievements. This could help establish stronger benchmarks, comparable to what results-based financing (RBF) actors have done in cataloguing intervention cost data to determine approximate costs per outcome in an outcomes-based contract\textsuperscript{71}. Moreover, the reduction of information asymmetries around PBI effectiveness can encourage willingness to participate in PBI-inclusive programming and more compellingly highlight the reputational benefits for participants on both the supply and demand side of each transaction.

**RECOMMENDATION 11:**
Develop internal learning systems within investee organizations

The evaluation uncovered some valuable spillover learnings and ongoing institutionalization of impact measurement processes among investees, but these were inconsistent across the investment sample – more can be done to incentivize data generation and learning sharing. PBI providers could more formally encourage (or pilot requiring) investees to develop internal learning systems and incentivizing them to participate and support in broader learning processes, as a means to ensure the sustainability of gender-related outcomes beyond the conclusion of the incentive program. This could include, but not be limited to, systems and processes that help collect and report on gender breakdowns for firm employees, number, and percentage of women in senior leadership positions, and other key metrics, regardless of gender milestones. It could also include further support or agreements to generate case studies and impact evidence based on data collected.

\textsuperscript{71} See also the INDIGO data hub hosted by the Government Outcomes Lab, Oxford University
RECOMMENDATION 12: Strengthen collective PBI learning processes across the DFIs community

Blended Finance investors should leverage existing communities of practice to broaden the awareness and replication of PBI approaches. By championing and strengthening existing informal gender-focused DFI working groups in collaboration with other influential players in the sector, DFIs like IDB Invest can regularly exchange insights and formulate joint action plans specific to the replication and scale-up of PBIs. These collaborative efforts may involve prominent organizations like 2X, We-Fi, FinDev Canada, IFC, EIB and EBRD, and/or entities that already come together through initiatives like the OECD’s DFI Blended Concessional Finance Working Group. Greater DFI coordination could create efficiencies in both data aggregation and risk calibration, as is already implemented in infrastructure investing through platforms like SOURCE; and in the tracking of risk in investment operations in emerging markets through the Global Emerging Markets Risk Database Consortium (GEMs).
Continuemos la conversación