Child Lens Investing

Intersection with gender lens investing
Investing with an integrated child lens. A Call to Action for Gender Lens Investors.

Over the last two decades, many aspects of finance have evolved to use financial tools for positive social or environmental outcomes. What these approaches have in common is that they are all seeking to shape how financial capital is invested and managed in order to increase positive outcomes or to avoid negative ones.

In 2007, the term ‘Gender lens investing’ was coined as an umbrella term to integrate multiple initiatives seeking to “incorporate a gender analysis into the practice of investments and the systems of finance. This includes how value is assigned, how relationships are structured, and how processes work.”

The emergence of climate finance, another umbrella term used to describe investing that addresses environmental concerns, is often tied to the response to global climate agreements established in the Kyoto agreement in 1997 and the Paris Agreement in 2015. In both cases, these fields built on a longer history of other movements in social change and innovations in social finance.

Recent efforts, such as Gender Smart’s Gender & Climate Investment: A strategy for unlocking a sustainable future, have sought to identify opportunities where gender lens investing and climate finance can unlock new opportunities through integration. As an emerging field in innovative finance, child lens investing should also identify synergy with these fields. On the one hand, this ensures that child lens investing can leverage lessons and momentum in the two separate fields of gender and climate finance; on the other hand, it can unlock new opportunities in both of those fields together, as cross cutting initiatives.

In this first report, we explore how implementing an intentional child lens as an investment consideration can bring a clearer or new perspective to investments made with a gender lens. It can help uncover an opportunity that wasn’t visible before. Similarly, it can help identify problem areas, risks and potential unintended negative consequences that were invisible without the intention of a child lens. For impact-oriented investors, it also provides a framework to move beyond investments that “do no harm” toward investments that bring about positive outcomes. A second report will be released to expand considerations for integrating a child lens into climate finance.
Expanding Gender Lens Investing

Why add a child lens to gender lens investing?

Investments in gender lens investing continue to grow, but the opportunity to drive change towards gender equality through experiences in childhood is still under explored. Gender norms and their associated power dynamics are shaped during childhood through a complex interplay of factors. Understanding these factors and intentionally investing in opportunities that promote gender equality and empowerment early in life offers a transformative impact for gender lens investors.

- **Address the roots of power imbalance and gender inequality.** Gender inequality is perpetuated by different opportunities and experiences throughout life. Gender roles, norms, and biases are often solidified during childhood. Children are exposed at an early age to expectations regarding gender roles, which can shape their interests, aspirations, and behavior. For example, boys are encouraged to play with gendered toys that foster the development of spatial, mathematical and scientific tasks, while girls are encouraged to play with toys that tend to foster empathy and language development. As early as six years old, girls are avoiding subjects that are tied to STEM and boys are discouraged from traditionally feminine activities. The downstream implications of this are visible in the low percentage of women in STEM careers and men in the care sector. Beyond career aspirations, these learned gender norms also influence their interactions, communication styles, and decision-making processes in the workplace. This can manifest in bias and discrimination that restrict how women can participate and take leadership roles in the workplace.

- **Break the cycle of social tolerance of violence.** Social tolerance of violence increases the risk of violence for children, especially girls, and simultaneously increasing the likelihood of boys and men perpetrating. At the root of this are cultural norms tied to gender and masculinity and the marginalized status of children and women in many societies. Violence against women and violence against children can be perpetuated by the same individuals or within the same environment. Perpetrators who engage in violence against women may also subject children to abuse and children growing up in a violent household are at increased risk of experiencing and perpetrating violence in their future relationships. Factors contributing to this issue include:
  - **Normalization of Violence:** Violence against children can normalize the use of violence for conflict resolution or asserting power. Physical punishment implies that aggression and harm are acceptable methods for addressing behavioral issues or enforcing authority. Those who experienced violence as children are more prone to engaging in or accepting abusive behaviors in their adult relationships. Without positive examples of healthy communication, conflict resolution, and respect, they may lack the skills needed for maintaining nonviolent dynamics and face difficulties in establishing boundaries.
  - **Reinforcement of Power Imbalances:** Violence against children involves adults exerting physical power and control, reinforcing power imbalances within the family and social hierarchy. This perpetuates traditional gender roles by associating masculinity with physical strength and aggression, while promoting submissiveness and compliance in girls. Such gender stereotypes contribute to accepting gender-based violence and the belief that certain forms of violence are justified or expected based on gender roles.
  - **Trauma:** Children who experience violence may struggle with low self-esteem, emotional regulation, and forming healthy relationships. They may resort to violence as a maladaptive coping mechanism or to regain a sense of control. Gender-based violence often thrives in environments characterized by power imbalances, emotional distress, and low self-worth.
• **Early intervention for prevention.** Addressing gender inequality at an early stage is crucial for preventing its negative consequences later in life. Many gender disparities, such as unequal access to education, limited career opportunities, poor health, can be traced back to early childhood experiences. For example, in contexts where discriminatory gender norms mean girls are given lower priority for household food allocation, girls are likely to suffer from stunted growth, weaker immune systems, and impaired cognitive development – limiting their future opportunities. By early intervention, we can create a more equitable foundation for women’s futures.

• **It’s better for business.** Companies with greater gender diversity at all levels of leadership tend to outperform their peers. Similarly, Global Child Forum data suggests that companies that are better at addressing their impact on children have lower staff turnover, attract higher quality workforce, effectively manage their brand reputation and value, ensure a sustainable supply of goods, discover new opportunities and provide better support to their future workforce as they mature and learn. Companies that prioritize child-friendly policies often attract and retain a diverse and talented workforce, including women. By providing an inclusive work environment that values work-life balance, these companies can create a more supportive and inclusive culture, leading to higher employee satisfaction and engagement.

Child-friendly policies also contribute to reducing gender disparities in the workplace. By accommodating the needs of working parents, these policies help create a more equitable environment, enabling women to participate more fully in the workforce and pursue leadership positions. Supportive policies, such as paid parental leave, allow women to take time off work to care for their children without sacrificing their career progression. This can help maintain their connection to the workforce and reduce the risk of career setbacks.

• **Helps mitigate risk.** Similar to gender inequality, child rights violations pose risks to businesses and economies. Companies that fail to address child rights violations may face reputational, legal, and operational risks. Consumers and stakeholders are increasingly demanding transparency and ethical sourcing practices. If a company’s supply chain involves exploitative labor practices or child labor, it can lead to supply chain disruptions, delays, and increased costs. Governments often enforce laws and regulations to protect the rights of women and children, and non-compliance can result in legal actions and financial liabilities. Governments, international organizations, and business partners may enforce restrictions or refuse to work with companies that do not align with their social and ethical standards. Companies associated with such violations can suffer reputational damage, including public outrage, boycotts, and negative media coverage. Investors concerned about responsible practices may divest, restrict capital access, and increase the cost of capital for the business.

• **Links to Sustainable Development Goals (SDGs).** Investing in companies that advance gender equality contributes to broader global efforts to achieve the SDGs. The case for investing in the future of children is about the field’s alignment with the materiality of achieving the SDGs since the focus of the SDG framework is tied to the legacy we leave for our children. When combined with child lens, investors can drive progress across multiple SDGs, including a deeper impact related to SDG 5 – Achieving gender equality and empowerment of all women and girls. For example, transforming discriminatory gender norms in childhood has an impact on social tolerance of violence against women and girls (SDG 5.2), in recognizing and valuing care work (SDG 5.4), and in equitable participation and decision making in political, economic, and public life (SDG 5.5). The **Girl-Friendliness Index** also demonstrates that there is a strong correlation between advancement of girls’ rights and the Human Development Index which reflect progress on multiple targets under SDG 5.
What does gender lens investing with a child lens look like?

The following examples are meant to be representative of the types of investment opportunities that can be made by using an integrated gender and child lens to inform investment priorities, outcomes and decisions. These examples are intended to invoke imagination, especially around the types of projects, organizations, firms and a future that are aligned with the goals for impact investing. The aim is to illustrate examples, many of which are small scale or isolated today, to plant the seed for the future we could build with investment processes, screens and decisions that bear in mind both impact goals around gender and children wellbeing and financial returns. Although these opportunities may not be available to all investors in all asset classes, we have included a variety of options to illustrate the breadth and depth of investment possibilities.

The following examples are organized into five strategies for using finance to create social change. We’ve tried to provide examples of possible investor impact goals under strategy, and some examples of projects, companies or organizations that are delivering products or services with a gender and child lens.
Strategy I

Mobilize Resources to invest in companies that are advancing gender equality and women’s empowerment through child-focused approaches:

*Assumptions within a theory of change:*

- Companies can directly affect gender norms, both positively and negatively.
- Investment (debt or equity) into those companies will increase their impact through the growth or stability of their operations.
- While these investments may have a range of expected returns, more capital will move if the risk/return profile matches typical expectations from investments.

- **Invest in companies that employ gender inclusive toy development and marketing to shift gender norms at an early age.** This shift to instituting innovations in gender inclusive toy development can look different for different companies. For example:
  - Spin Master Toys renamed their productive development teams ‘wheels and action’ and ‘dolls and interactive’ instead of boys and girls products and their new *Truly You!* Character Creator with gender diverse and other intersectional identities is another example of opportunities to support inclusive and socially just child development.
  - Lego Group has [publicly announced](#) that it will work to remove gender stereotypes from its products and marketing.
  - Mattel has launched new dolls to promote body positivity and inclusivity, as well as a line of gender-neutral dolls.
• Invest in companies that encourage gender diversity and gender inclusive language and norms in children’s toys and books. There are many companies that are pioneering innovations in this space. For example:
  o GoldieBlox is a toy company that fosters girls’ interest in engineering and construction through building sets and storytelling kits that promote problem-solving.
  o There has been a recent rise in books with inclusive themes such as Baby Feminists, Gender Now Coloring Book, The Princess in Black, Hamster Princess Series and more.

• Invest in companies that employ a gender lens in children’s programs and advertising.
  o Identify and invest in media companies that promote gender diversity and positive gender norms in their products that target children and their caregivers. For example, Sesame Street has been a trailblazer in breaking gender norms and promoting inclusivity for many years. Sesame Street has included gender-neutral characters, portrayed characters in non-traditional gender roles in their occupations, and have partnered with organizations like the Geena Davis Institute on Gender in Media to create content that promotes gender inclusivity.
  o Invest in companies that have a child safeguarding approach that combats harmful stereotypes in ads to anyone under 18 on social media.

• Divest from companies that are contributing to harmful gender norms in their children’s products.
  o Divest from companies that perpetuate harmful gender norms and stereotypes that include the over-sexualization of female characters, limit female characters to supporting roles, and/or reinforce the notion of females in need of rescue. Instead, look for companies that challenge traditional gender norms through gender diverse characters and narratives that offer diverse perspectives on gender identity and expression.
  o Divest from companies that advertise through social media influencers who reinforce negative gender norms or harmful stereotypes.

• Invest in companies that are improving access to quality childcare. Access to quality and affordable childcare is a systemic bias that often keeps women out of the formal workplace. Investments that expand availability of quality childcare support women’s participation in the workforce and improve child development outcomes.
  o Mission Driven Finance’s Care Access Real Estate is a great example of complementary gender and child lens investing with a long-term investment horizon. Their real estate investment trust includes a diversified portfolio of commercial and residential properties that expands access to quality care for children, increases resilience of childcare businesses, and builds wealth of care providers.
  o Kidogo, Tiny Totos and GROW with Educare have created models that support women entrepreneurship while delivering affordable high-quality care for children and enabling their mothers to engage in other employment opportunities.

• Aggregate providers in service companies that respond to or seek to prevent child maltreatment but that do not traditionally have access to (appropriate) capital.
  o Create an investment vehicle to finance practitioners who offer prenatal home visit programs, including those that target men, to support positive parenting strategies and mitigate child maltreatment.
  o Design effective financing for homeless shelters—invest in real estate as well as in cash products/services they provide. For example, use a Calvert note to provide debt to nonprofits working on affordable housing.
• **Build a model portfolio of direct investments with debt or equity in companies that demonstrate child-friendly policies.**
  
  o Invest in companies that have child friendly working conditions policies, such as paternity leave, paid sick leave, flexible work arrangements, breastfeeding support, health and safety accommodations for pregnant women and young workers, and access to quality childcare.
  
  o Invest in companies that have child friendly diversity and inclusion policies that prevent discrimination on the basis of pregnancy and family status and ensure adequate wages that are sufficient for workers to support themselves and their dependent children.

• **Invest in apps that report on modern slavery and human trafficking.**
  
  o Apps like Safe Car Wash, Farm Work Welfare, and Unseen/Modern Slavery Helpline are designed to report suspicions and ask for help.
  
  o Apps like Farmer Connect provides end-to-end traceability solutions in food and agriculture supply chains to end child labour.

• **Invest in companies that are actively closing the digital gender gap, especially by increasing digital literacy among adolescent girls.** Digital literacy and connectivity for adolescent girls is critical for achieving gender equality as it increases access to information, supports essential skill development and economic independence, and allows girls to participate in public discourse and combat gender-based violence.
  
  o Support industry efforts to lower the cost of internet-enabled mobile phones, especially smartphones.
  
  o Consider how to adapt products and services to make them more affordable without compromising quality. E.g. Make “data-light” versions of apps or lightweight operating systems to help reduce costs for more price sensitive users.

• **Invest in menstrual products and infrastructure to create safe and dignified menstrual hygiene for girls.** Menstrual Health poses an incredible market and social opportunity for investors and donors alike. Estimated to be worth $127.6 billion by 2031 with the Asia-Pacific region one of the fastest growing markets, investments in the sector can dramatically improve the social, economic and educational outcomes of girls. In addition to this, menstrual health and hygiene significantly contributes to girls’ bodily integrity, dignity and increases empowerment at a critical stage that can transform the trajectory for their future.
  
  o Invests in a diverse portfolio of quality disposable and reusable products to ensure that girls have access to menstrual products of choice.
  
  o Finance sanitation infrastructure that allows girls to manage their menstruation.
  
  o The Pacific RISE program financed a Menstrual Health Trade Finance Vehicle that supports menstrual health enterprises address financing and supply chain challenges in countries with dispersed populations with limited income and commercial access.
Strategy II
Advocate for an analysis of how gendered experiences in childhood inform the analysis of risk and opportunity:

Assumptions within a theory of change:

Fundamentally, finance is a system that assigns value. It determines and assigns a price based on a calculation of risk and return over time. Of these three, often the most important is risk.

Investors make bets on the future. Therefore, having a prediction of how patterns may change in the future matters.

The impact of this strategy creates the possibility to influence the actions of companies and to shape government and civil society. What finance values matters to others, particularly governments, which can take action and make a difference in promoting gender equality starting in childhood.

• Create methodologies for seeing child rights violations as a reputational, regulatory, or operating risk.
  - Integrate specific data on girls rights in your risk assessment, such as using the Girl-Friendliness Index and put in place a girl-specific safeguarding risk mitigation plan specific to potential impacts of the specific investment, including related to the risk environment in the operating country.
  - The Children’s Rights and Business Principles outline a range of actions that companies can take in the workplace, marketplace, and community to respect and support children’s rights. The use of these principles in benchmarking data and tools by Global Child Forum offers one opportunity to ensure companies address risks related to child rights violations.

• Create methodologies for seeing noncompliance to gender-inclusive marketing of toys and children’s products as a reputational, regulatory, or operating risk.
  - Movements to encourage change in regulations governing companies to design and sell gender-neutral toys have gained in popularity and are also increasingly successful. For example, the 2021 California law that required large department stores to have gender-neutral product displays for toys.
• **Create methodologies to recognize child, early and forced marriage as a market risk.** The materiality of child rights in finance will affect the relative priority of the issue with governments, which is needed to drive action. Early marriage contributes to lower education of girls, limiting their potential to contribute to the workforce and the economy. It can also mean they become mothers at a young age, reducing their labor force participation and can greatly increase the risk of childbirth complications and associated financial costs. **Child marriage is estimated to cost economies at least 1.7% of GDP.** Banning child marriage would save trillions of dollars. In Bangladesh for example, it would result in an additional $4.8 billion in annual earnings and productivity.

  o Identify child, early and forced marriage hot spots (similar to climate hot spots) and use them to inform risk analysis.

  o Advocate with financial institutions to see child, early and forced marriage as material in financial instruments that assess the risk of a country, region, city, or municipality. Higher risk ratings increase costs or reduce the desirability of the investment and therefore pressure governments to respond.

• **Invest in a long-term strategy that would capture the upside and avoid the downside risk of a future where gender norms have been transformed.**

  o Identify industries that would experience decline because of changes in cultural acceptance of unpaid or underpaid care work.

  o Identify companies that have undervalued and underpaid care baked into their design that would be fundamentally affected if gender norms around the care economy changed.

  o Identify companies with the ability to adapt to future, long-term changes in gender norms.

  o Identify companies that are undervalued and would succeed if care work increased in value.
Strategy III

Realign power through structures and terms to address the impact of the investment on gender norms in childhood over the length of the investment:

Assumptions within a theory of change:

- Investments are more than the valuation; they are made possible through a set of institutions, legal structures, instruments, documents and terms that shape how the investment operates into the future.
- There is significant power in these terms to shape behaviors now and into the future. The contracts that are set up through investments stay in place through the life of the investment and often beyond.
- Before the materiality of an integrated approach to gender and child lens investing is proven out conclusively to those in finance, structures and terms can be used to incent capital to move, and can be the early demonstrations that test hypotheses.

- **Incentivize companies to take proactive steps to close the digital gender gap.**
  a. Influence the design of products to reduce the burden of ‘one-off’ costs of cellphones for younger female consumers.
  b. Build covenants to ensure new mobile products and services that target/include youth do not further the gender gap. Work to have these risks seen as material to digital technology and infrastructure investments.

- **Incentivize creators/developers to adopt best practices and build them into structures and terms.**
  o Build accountability for companies to ensure that they have a child safeguarding approach that combats harmful stereotypes in ads to anyone under 18 on social media.
  o Influence the design of online environments that facilitate harmful gender stereotypes (e.g., privacy, digital data, and social media practices).
  o Include requirements to monitor and prevent Gender-Based Violence (GBV) and child rights violations in the memorandum of understanding and transaction documents.
• **Create investment vehicles that provide trade finance or other financing for menstrual hygiene products.**
  o Build a vehicle that supports the specific needs of working capital or trade finance for both formal and informal menstrual hygiene enterprises.
  o Build a vehicle that seeds both formal and informal menstrual hygiene enterprises with capital investment and supports working capital and technical assistance as a package.
  o Invest in supporting the menstrual hygiene market to diversify the availability, accessibility and products.

• **Use blended finance vehicles to shape the practices of investments that target or indirectly support girls.** There is a recognition through outcome funders that outcomes for children, particularly girls, have disproportionately positive impact in the long-term.
  a. Expand the use of Results-based Finance to support maternal and child health, menstrual health, or to advance girls education. For example, the SDG Outcomes Fund supported by USB Optimus Foundation, British International Investment (BII), and the U.S. International Development Finance Corporation (DFC) targets advancements in children’s education in West Africa.
  b. Build concessional within a capital structure in reproductive health and maternal and newborn health investments.
Strategy IV

Build expert knowledge of child development into core processes that drive how finance operates and align with the business model and incentives that drive profitability:

Assumptions within a theory of change:

Relationships in finance rely on trust. Systems of investments are created to standardize processes and measures, and thereby secure trust within markets.

Finance has business models which are driven by the cost of transactions and the revenue from fees. Those business models then drive the processes and roles. To shift systems of finance requires a recognition of the drivers in the business model.

Process measures are an effective early indicator for ensuring that capital is deployed to create desired outcomes on gender equality.

- **Build analysis of girls’ wellbeing into standards in different industries and core reporting requirements.**
  a. Advocate for a child lens within the GIIN Gender Lens Investing Initiative.

- **Integrate assumptions about inequitable gender norms as a material risk into investment processes.**
  a. Create a tool to support due diligence questions, including a child safeguarding screening, that can surface financial risk incurred by child rights violations in early-stage/growth SMEs.
  b. Include an expert with specialized knowledge of child development as a partner when putting together a transaction in a region or industry with high risk of GBV, including high rates of early marriage.
  c. Create a tool to support Investment Analysts to incorporate patterns of gender norms among children and adolescents (such as violence against children, early marriage, GBV) in their evaluation of operating risks, political risks, regulatory risks and reputational risks in investment opportunities.
• **Create process metrics for donor agencies (and other funders providing concessionary funding) around their investments going into private sector/impact investments.**
  a. Include an expert in gender and child development in the creation of process metrics for funders to evaluate their private sector and impact investments.
  b. Track the processes that impact investment funds put in place to foster women’s and girls’ full participation and inclusion in the digital economy.
  c. Track processes that investors and funders put in place to incorporate patterns of gender inequality (such as GBV) and child right violations in their evaluation of financial risks in investment opportunities.
  d. Incorporate metrics informed by experts in child development when conducting due diligence on new investment opportunities and evaluating the success of ongoing investments.

• **Reduce children’s exposure to intimate partner violence by shifting processes in banks to allow for compassionate responses to domestic violence and other forms of child abuse.**
  a. Document National Australian Bank’s NAB Assist practices as a case study. As a result of giving hardship extensions and appropriate links to services, they saved A$70M in the first year and A$200M in the second year of a pilot.
  b. Spur other innovations in banking and financial services that allow people the freedom to walk away from abusive situations.
Strategy V

Measure the Outcome and impact of companies and investments on gendered experiences in childhood and thereby exert pressure on companies or investors to take action:

Assumptions within a theory of change:

As the old adage says, what is measured matters.

This strategy requires that investors or wealth holders express a particular intent to have their investments create a positive impact or avoid negative impact. As a result, they are able to put pressure on their managers or directly on the companies they are invested in to achieve the goals they seek.

Pressure from investors or visible shaming can shift the practices of companies.

- **Integrate a child lens into metrics systems that impact gender lens investing.**
  - Build a metrics set around girls’ empowerment and wellbeing as part of commonly used metrics systems like the GiIN’s Navigating Impact metrics.
  - Identify and include appropriate impact metrics related to child wellbeing (specifically girls and diverse gender identities) in multi-dimensional and contextual impact outcomes like women’s economic empowerment.

- **Incorporate existing data and indices on children to create an index that ranks companies based on their impact on gender norms in childhood or broadly girls’ empowerment and wellbeing.**
  - Build a divest/invest movement based on a cluster of indicators related to gender norms in childhood or girls’ empowerment and wellbeing.
Integrate the Child Issues Marker, alongside the OECD DAC Gender Marker into metrics systems in gender lens investing. The application of the OECD DAC Gender Marker has provided structured guidance for evaluating investment processes and innovative finance instruments in gender lens investing. Taking a similar approach and integrating a child lens would allow for an analysis of specific issues critical for girls’ wellbeing to be integrated more deeply into the gender lens investment design processes, influencing actions for deeper impact.

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<th>Not Targeted (Score 0:)</th>
<th>Significant (Score 1:)</th>
<th>Principal (Score 2:)</th>
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<tr>
<td>The project/program has been screened against the marker but has not been found to target issues concerning girls.</td>
<td>Girls’ issues are important, but not one of the principal reasons for undertaking the investment. To qualify for a score “principal” or “significant”, girls’ issues need to be explicitly promoted in investment documentation.</td>
<td>Girls’ issues are fundamental in the design and impact of the investment and are an explicit objective of the investment. The investment would have not been undertaken had girls’ issues not been an objective.</td>
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Conclusion

Investor goals are diverse and so are the opportunities available to investors in all asset classes. These insights, supported by UNICEF, represent a start to the conversation – an expansion of ideas of what might be possible for integrating gender lens and child lens investing to drive transformational change for a more gender just future. We invite you to use these ideas as a starting point and join us in imagining what else is possible.