



CRITERION INSTITUTE

POLITICAL RISK

# Investment Approaches Roadmap



## Gender-Based Violence and Political Risk Analysis

Developing and testing a methodology that values violence against women as an early indicator of state instability



There is a documented correlation between levels of violence against women and state instability. In fact, the level of violence against women in a given country is said to be a better predictor of peace, compliance with treaty obligations, and relations with neighboring countries than indicators measuring levels of wealth or democracy. Yet the methodologies currently used to measure political risk—which guide investors, corporations, insurers, and governments in assessing conditions that may impact the profitability of investments in a particular country—do not include indicators measuring violence against women. This is despite the fact that these same methodologies account for riots, terrorism, civil war, and other types of violence.

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Gender-based violence experts and translators can develop and test a methodology for analyzing political risk that includes indicators of violence against women. This methodology will both make the case for investors to consider violence against women as a risk to their investments and give them a tool to be able to examine and mitigate that risk.

If investors better understand the impact of violence against women on their investments, they will view prevention as not only in their interest but also within their realm of responsibility. This shift in mindset will lead to interventions on the part of investors, who may decide to: take action to lobby host governments to do more to address violence against women; advocate publicly for violence prevention; and/or channel resources to local civil society organizations working on violence prevention.

When investors recognize and name gender-based violence as a core risk to their investments and early indicator of instability in a given region, they will play a critical role in building the political will necessary to address violence and its underlying causes before crises emerge. As such, investors contribute towards preventing conflict and the humanitarian crises in which rates of gender-based violence tend to rise even more.

Correlations have been documented between the security of women and the security of nations. For instance:

- When violence against women and gender discrimination are widely experienced and tolerated at a household level, there is a spillover effect whereby violence and discrimination become normalized within society.
- Individuals and societies that reject gender equality demonstrate more hostile attitudes toward minorities at home and abroad, which influences foreign and domestic policies.
- Among the most critical factors identified by the Centers for Disease Control and Prevention as increasing a person's risk of joining and engaging in organized violence is having experienced or witnessed violence as a child, most likely in the home.

Market volatility is increasing worldwide as the COVID-19 crisis disrupts businesses and supply chains and exacerbates inequality, adding fuel to the fires that stoke economic unrest, political violence, and overall state instability. At the same time, like most emergencies, COVID-19 is driving up rates of gender-based violence, an issue rooted in unequal power dynamics. Victims of domestic violence have no escape from their abusers during lockdown, and those whose lives have been uprooted by the crisis are at risk of violence in the community or at the hand of state actors when seeking shelter, food, or other relief.

Adequately measuring, analyzing, and mitigating an investment's exposure to political risk is crucial as public and private investors seek investments that can foster economic growth and stabilize the world economy. Failure to incorporate violence against women as an indicator of risk will result in miscalculations that lead to unmitigated risks and unforeseen losses.

1

Academic and research institutes with expertise in gender-based violence and the women, peace, and security agenda will contribute their knowledge of the available country-level data on violence against women and correlations to state stability.

2

Investors and risk analysts will collaborate to integrate indicators measuring violence against women into existing political risk frameworks.

3

Investors will understand the correlation between violence against women and state instability and have guidance on how to implement the methodology in context.

4

Investors, insurers, corporations, and government agencies that use political risk methodologies will leverage their influence to encourage wider adoption of methodologies that integrate gender-based violence indicators.

Gender equality and the treatment of women will be seen as a core component of a safe investment landscape, while tolerance of violence against women in the home, in the community, or at the hands of the state will be seen as a critical risk to investments.

Investors and the private sector at large will engage in violence intervention efforts, viewing it as central to doing business and bringing a new set of allies, resources, and influence to the prevention of violence against women.

**Audiences:** Risk analysts, private investors, pension funds, insurers, government agencies, and corporations

**Type of violence:** Public equities, public debt, private equity, trade finance, and sovereign debt

**Investment approaches:** Due diligence process and market analysis

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#### **Resources**

[Criterion Institute's Mitigating the Risks of Gender-Based Violence: A Due Diligence Guide for Investing](#)

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