

29 March 2019

Promoting gender equality in Finnfund

Finnfund's role is to promote economic and social development in developing countries. The promotion of gender equality, and in particular, the promotion of the status and rights of women and girls, is essential to this role.

Even if the gender equality has in many aspects improved in recent years and especially the gap between girls and boys in school attendance has narrowed significantly, women are still more likely than men to live in extreme poverty.¹ Particularly in developing countries, there are still major gender disparities in positions, rights and opportunities to participate in society. Women do a substantial amount of invisible work, often work in informal jobs and there is a great variation in the quality of both working conditions as well as salary levels. Women are typically underrepresented in official jobs, especially in managerial positions and on company boards. In addition, limited property rights in many countries make it difficult for women to access financial services, for example, or to be in a decision-making position concerning natural resources (e.g. land use)

The promotion of the rights of women and girls is a long-term priority of Finnish development policy and one of the key objectives of the United Nation's Sustainable Development Goals. Finnfund sees the right of women and girls to equal treatment not only as an integral human rights issue, but also as a fundamental precondition for the peaceful development of societies and opportunities for future generations to live free from poverty. Balancing the gender gap is also integral to achieving other development goals, such as those relating to health, education and better nutrition. Above all, it will contribute to helping future generations to fulfil their potential. Equal participation of women and girls in society also strengthens economic productivity and economic growth. Development financiers play an important role in providing capital to support gender equality, the value of women in leadership and markets and women's economic empowerment in developing countries.

Finnfund, together with other European development financiers, is committed to increase the strategic impact of investment capital toward women as business and fund leaders, entrepreneurs, a strong and valued workforce, consumers and community members. Finnfund strives to promote investment that takes account of gender equality and contributes to making such capital increasingly available to development financiers and private sector co-financiers.

Finnfund recognizes that its role in promoting gender equality is particularly significant in its investment activities which often entail promoting the status and rights of women as members of their working communities, local communities, and as consumers of products and services. Finnfund recognises that people of any gender are not homogeneous groups in terms of identity, status and rights. Differences between individuals of the same gender can be significant.

In addition, Finnfund strives to follow best practices in fostering a responsible and equal working culture within in its own organisation.

¹ UN Women 2018. Turning promises into action: Gender equality on the 2030 agenda.

This statement is an integral part of Finnfund's [Policy on Environmental and Social responsibility](#). Respect for and promotion of human rights is discussed in further in the Human Rights Statement.

Priorities in the promotion of gender equality

As a development financier, Finnfund can have a significant impact on gender equality in the companies it finances. The following areas of influence are particularly relevant:

- **Women as entrepreneurs.** Finnfund promotes the access to finance and entrepreneurship for women by channeling financing to both companies led and owned by women as well as to financial institutions that offer funding and business training especially for female entrepreneurs.
- **Women in working life.** Finnfund encourages the companies it finances to identify factors within their organisations that affect gender equality, to promote equality in their work communities, and to adopt guidelines and practices related to gender equality and support women in working life (regarding recruitment, training, career paths, childcare, maternity leaves). Companies are also encouraged to recognise and take account of heterogeneity within genders and of the specific needs of the most vulnerable groups.
- **Women in leadership roles.** Finnfund encourages the companies it finances to promote the equal participation of women in management, and where appropriate to empower and support more women in taking on managerial and board positions within their companies. Here too it is essential to identify the causes that currently prevent women from advancing within the companies they work in.
- **Women as community members.** Finnfund promotes the participation and equal treatment of women and girls in stakeholder cooperation of the companies it finances, with a particular focus on vulnerable groups. In preparing investment decisions and in monitoring of projects, the aim is to take into consideration both direct and indirect impacts of business operations on women's and girl's livelihoods and everyday lives, and in particular, on the specific risks resulting from unequal status and rights of women (for example, gender-based violence or weaker ownership rights).
- **Services and products especially beneficial to women.** Finnfund assesses and monitors the development impact of the products or services produced or provided by the companies it finances, particularly from the perspective of women and girls. A product or service can have a positive impact on women's or girl's economic empowerment, education and health, or otherwise enhance women's or girl's ability to fully participate in society. In this respect it is essential to identify factors that prevent women in particular from gaining access to a service or product. For example, an important role is played by the promotion of women's access to financial services and funding, and by supporting their opportunities to become entrepreneurs.

Processes and tools

Finnfund develops funding principles, investment criteria and tools to guide investment decisions towards furthering gender equality and the opportunities for women to take on leadership roles, strengthening the role of women in the market and their economic empowerment.

- Investments:
 - Funding decisions: Before investment decisions are made, each potential investment is assessed from the point of view of gender equality. This assessment is made within the context of the country and sector in question. Projects are being analyzed and classified according to international practices, such as the OECD three-point scoring system gender marker and the 2X Challenge indicators. Promoting gender equality is also part of our incentive system.
 - Leadership positions: We support increased numbers of women in leadership among our investees by ensuring that an active effort is made to identify and consider qualified women candidates in recruitment processes that we oversee on behalf of our investee companies (e.g. for Board or Management Team positions).
 - Job quality: We support our investee companies in identifying their opportunities for promoting gender equality and encourage them to develop guidelines and practices related to gender equality and supporting the employment of women.
 - Community relations: We strive to ensure that the voices of women and girls are heard in community engagement of our investee companies.
 - Indicators: We are continually developing monitoring procedures and indicators for gender-related matters in order to better understand and identify opportunities for development targets, both at the level of individual investments and the entire investment portfolio. We use internationally agreed metrics, and whenever possible and appropriate we collect and monitor gender disaggregated data.
- Finnfund as an employer:
 - We evaluate and develop Finnfund's own human resources processes and tools from the perspective of gender equality. We strive to identify and eliminate structures that create and sustain inequalities, to create equal working conditions and opportunities (e.g. salaries) for women and men of all ages, and to create a working environment that is free of harassment and safe for everyone.
- Alleged misconducts and grievance mechanism:
 - We do not tolerate violence or harassment, either in the projects we finance or in our own operations. In addition to the grievance mechanisms of the financed companies, Finnfund has its own grievance and whistleblowing mechanism. Stakeholders from different groups can report any concerns over suspicion of misconducts, either in Finnfund's own operations or connected with any of the companies financed through Finnfund's website or via telephone or mail. The grievance and whistleblowing channel is designed with respect for privacy in order to ensure that reports can be made anonymously if desired. Stakeholders can also discuss directly with Finnfund's representatives, for example in connection with monitoring visits.

- Developing our expertise and international cooperation
 - We work with other development financiers on investment opportunities to promote the status and rights of women.
 - We are actively involved in international development, and participate in [international initiatives](#) for promoting gender equality and women's status and rights in development financing.
 - We actively follow and participate in international discussions related to gender equality, and continuously develop our own expertise in promoting gender equality. Where necessary, we also use external experts as well as cooperate with various stakeholders, such as consultants and civil society in both Finland and the developing countries.
 - This statement and the related processes and tools will be updated as necessary.

Discussions and cooperation with various stakeholders and experts have been a key element in preparing this statement.

This statement has been approved by Finnfund's board of directors. It is valid as of 29 March 2019 and will apply to all projects from that date onwards.