HOW TO USE IRIS+ AND 2X CHALLENGE INDICATORS TOGETHER

Developed in Partnership with the 2X Challenge and CDC (on behalf of the Gender Finance Collaborative)

PURPOSE
This document provides guidance on how to use IRIS metrics alongside 2X Challenge indicators.

AUDIENCE
Development finance institutions, multilateral development banks, impact investors, foundations and donor-funded development programs. May also be useful to enterprises and service providers working with impact investors.

LEVEL: BEGINNER

REFERENCE
Use this document with

- FUNDAMENTALS
  - IRIS+ Core Metrics Sets
- IRIS METRICS
  - IRIS Catalog of Metrics

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BACKGROUND

Harmonizing impact measurement and management (IMM) approaches is key to effectively using impact performance data for investment decision-making. The Global Impact Investing Network (GIIN) works alongside leading organizations across sectors and industries to align their respective standards, methodologies, metrics, and/or assessment tools with IRIS+ and IRIS metrics. These alignments:

1) help organizations communicate with a common impact performance language;
2) alleviate the reporting burden on both investors and investee organizations; and
3) enhance data interoperability between different actors measuring and reporting on the positive and or negative effects of their actions.

About The 2X Challenge

The 2X Challenge was launched in June 2018 as a major new commitment originally made by the development finance institutions (DFIs) from the G7 countries to unlock resources that will help advance women’s economic empowerment and gender equality. These DFIs have since been supporting investments and initiatives that provide women in developing countries with access to leadership opportunities, quality forms of employment, finance, enterprise support, as well as products and services that enhance the inclusion or economic participation of women and girls.

Since the launch of this initiative, six new members joined, expanding the commitment to the 2X Challenge to BIO-Invest, Finnfund, FMO, IFU, SIFEM, and Swedfund. In October 2019, the EIB became the first multi-lateral development bank to endorse the 2X Criteria.

To qualify for the 2X Challenge, an investment must already meet – or have an explicit commitment to meet – at least one of the 2X criteria. More information on the 2X Challenge Criteria is available to download [here](#).

The 2X Challenge constitutes a practical framework to help DFIs assess and understand what gender-lens investing is. DFIs can use it to direct capital towards women, pre-or post-investment by:

- encouraging investees to collect data on women employees and consumers;
- measuring the development impact of investing with and in women, over time; and
- making a business case for investing with and in women.

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1 CDP, CDC, FinDev Canada, Proparco, DEG, JBIC/JICA and OPIC (now DFC).
About IRIS+

IRIS+ is the generally accepted system for measuring, managing, and optimizing impact. Developed with broad stakeholder input, IRIS+ can be used by asset owners, asset managers, enterprises, and other impact investing stakeholders working to understand, assess, and advance impact performance. Whether used end-to-end as an impact measurement & management system, or to underpin other standards, methodologies, and assessment tools by employing the use of standard IRIS metrics, IRIS+ enables impact investing stakeholders to translate impact intentions into real results in a clear, consistent, and credible way.

IRIS+ provides a standard way to frame impact goals, outlines what and how to measure progress toward such goals in a way that produces clear, consistent, and comparable data (Core Metrics Sets), offers a built-in evidence base of research linking those common impact goals to achievable outcomes, and includes curated best-in-class third-party resources, as well as practical, how-to guidance to advance impact measurement and management practice. IRIS+ is a free, publicly available resource managed by the GIIN, the global champion of impact investing.

**USING IRIS+ AND 2X CHALLENGE INDICATORS TOGETHER**

The GIIN and CDC (acting on behalf of the Gender Finance Collaborative2), and the 2X Challenge teams worked collectively to align the 2X Challenge indicators to IRIS metrics. As a result of this alignment the IRIS+ system contains:

- the same 2X Challenge indicators, included in relevant IRIS+ Core Metrics Sets as well as in the IRIS Catalog of Metrics; or
- a commensurate metric or combination of standard IRIS metrics with guidance on how practitioners would disaggregate and or collect data to conform with a 2X definition.

The below table details the metrics alignment of 2X Challenge indicators and IRIS Metrics.

A comprehensive and detailed guidance note on how to apply the 2X indicator alignment with IRIS metrics can be accessed here.

<table>
<thead>
<tr>
<th>2X Criterion</th>
<th>2X Sub-Criterion</th>
<th>2X Indicator</th>
<th>IRIS Aligned Metric(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entrepreneurship</td>
<td>1A. Share of women ownership</td>
<td>1A. Percent of female ownership</td>
<td>Percent Female Ownership (OI2840)</td>
</tr>
<tr>
<td></td>
<td>1B. Business founded by a woman</td>
<td>1B. Percent of company founder(s) who are female</td>
<td>Founders: Female (OI8197) Founders: Total (OI2209)</td>
</tr>
<tr>
<td>2. Leadership</td>
<td>2A. Share of women in senior management</td>
<td>2A. Percent of senior management who are female</td>
<td>Full-time Employees: Female Managers (OI1571) Full-time Employees: Managers (OI8251)</td>
</tr>
<tr>
<td></td>
<td>2B(i). Share of women on the Board</td>
<td>2B(i). Percent of board who are female</td>
<td>Board of Directors: Female (OI8118) Board of Directors: Total (OI1075)</td>
</tr>
<tr>
<td></td>
<td>2B(ii). Share of women on the IC</td>
<td>2B(ii). Percent of IC who are female</td>
<td>Investment Committee Members: Female (OI8709) Investment Committee Members: Total (OI7829)</td>
</tr>
</tbody>
</table>

2 The Gender Finance Collaborative was launched by CDC in 2018, bringing together 15 DFIs, with the aim of developing shared gender smart financing principles, definitions and methodologies that promote the integration of “gender based” decision-making into DFIs’ investment processes and internal operations.
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| 3. Employment                | 3A. Share of women in the workforce     | 3A. Percent of employees (FTE) who are female                                | Permanent Employees: Female (OI2444)  
Permanent Employees: Total (OI8869)  
Temporary Employees: Total (OI9028)  
Temporary Employees: Female (OI6978) |
|                              | 3B. Quality indicator beyond compliance | 3B. Investee has initiative in place to specifically advance women in the workforce (Y/N)                          | Women's Career Advancement Initiative (OD4232)+ one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric):  
- Gender Wage Equity (OI1855)  
- Diverse Representation Policy (OI9485)  
- Flexible Work Arrangements (OI7983)  
- Sexual Harassment Policy (OI9088)  
- Employment Benefits (OI2742)  
- Fair Compensation Policy (OI3819)  
- Fair Career Advancement Policy (OI4884)  
- Anti-Discrimination Policy (OI9331)  
- Employees Trained (OI4229) |
| 4. Consumption               | 4A. Product or service disproportionately benefits women | 4A. Investee’s product or service disproportionately benefits women (Y/N)  | Product Targeted to Women (PD5677) + one or more from the list below (disaggregated where needed by using the Target Stakeholder Demographic (PD5752) metric):  
- Stakeholder Engagement (OI7914)  
- Client Savings Premium (PI1748)  
- Client Individuals: Provided New Access (PI2822)  
- Client Feedback System (OI5049) |
|                              | 4B. Percent of customers who are female |                                                                              | Client Individuals: Female (PI8330)  
Client Individuals: Total (PI4060) |
| 5. Indirect Investments      | 5A. Share of FI’s portfolio that meets at least one of the direct 2X criteria | 5A. Share of FI’s portfolio that meets at least one of the direct 2X criteria | [N/A – assessed through drawing on direct criteria I-4, see sections 4 & 5] |
| (investments through financial intermediaries) | 5B. Share of Fund’s portfolio that meets at least one of the direct 2X criteria | 5B. Share of Fund’s portfolio that meets at least one of the direct 2X criteria | [N/A – assessed through drawing on direct criteria I-4, see sections 4 & 5] |

**What’s Next?**

Standardization of impact measurement and management practices to advance efforts toward data clarity and consistency across the field will continue to evolve over time, especially as progress is made on portfolio-level aggregation of data, understanding comparative impact performance, supporting efforts to increase the availability of quality data, and more. As initiatives grow and change, IRIS+ alignments will be updated and revisited to reflect current and best practice.

To influence ongoing IRIS+ developments and impact measurement and management field building efforts, join the IRIS+ working group.