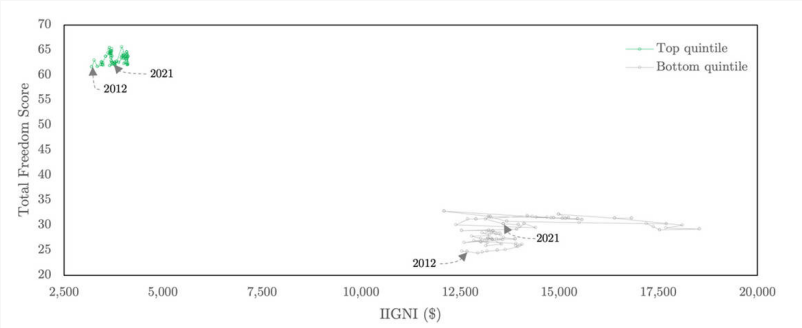
Isolating the female agency-driven development factor in external sovereign emerging market debt

GA, UNITED STATES, September 23, 2026 /EINPresswire.com/ -- A groundbreaking study by Karim Henide and Zaryab Ahmar, published in Financial Innovation, introduces a novel framework for assessing sovereign emerging market debt, focusing on female agency-driven development. The research reveals that bonds issued by countries with higher female agency outperform those from less gender-equal economies, offering superior risk-adjusted returns. This study highlights the potential for integrating gender equality factors into investment strategies to better identify sustainable development opportunities.



Leaders are, consistently, freer.

In a pioneering study (DOI: 10.1186/s40854-023-00508-z) published in Financial Innovation on November 21, 2023 , Karim Henide and Zaryab Ahmar from London School of Economics, unveil a new dimension in sovereign debt investment by isolating the impact of female agency on development. Their research provides compelling evidence that incorporating female leadership into sovereign credit assessments can enhance investment returns and align with sustainable development goals.

The study explores the relationship between gender equality and sovereign creditworthiness in emerging markets, positing that economies with greater female agency achieve superior economic outcomes. This hypothesis is grounded in the observation that gender-equal economies tend to allocate resources more efficiently, leading to better financial performance and reduced credit risk.

Henide and Ahmar's methodology integrates a framework developed by Henide (2021) into the iBoxx USD Emerging Market Sovereigns Index to construct portfolios based on three key dimensions of female agency: politics, economics, and society. By analyzing long-only portfolios of sovereign bonds, the study identifies a positive correlation between higher female agency scores and superior financial returns.

The research findings indicate that sovereign issuers in the top quintile for female agency metrics consistently outperform their peers in the bottom quintile. This performance is attributed to a "halo effect," where greater gender equality translates into more effective economic and social governance, thus enhancing investment returns.

The study also highlights that female agency-driven development factors align with broader sustainability goals. The integration of these factors into investment portfolios not only supports gender equality but also contributes to more sustainable and profitable investment strategies.

Dr. Karim Henide emphasizes, “Our study demonstrates that incorporating female agency into investment frameworks offers a valuable tool for identifying high-performing sovereign debt issuers. By focusing on gender equality, investors can enhance their portfolios' risk-adjusted returns and support sustainable development.”

Dr. Zaryab Ahmar adds, “This research underscores the importance of gender equality in sovereign credit assessments. Our findings advocate for a more inclusive approach to investment that recognizes the significant impact of female leadership on economic performance.”

The study advocates for further research to explore causal relationships between female agency and sovereign credit risk, offering a compelling case for integrating gender equality considerations into investment decisions.

References
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