Serving the Financial Needs of Women-Owned Businesses in Emerging Markets: Perspectives from the Dutch Good Growth Fund Portfolio

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Overview of DGGF portfolio data

- A significant portion of underlying investments reach female entrepreneurs
- A variety of financial instruments are serving women entrepreneurs’ financial needs with a majority of mezzanine financing
- Women’s ticket sizes are not smaller

SMEs with Women's Ownership by Instrument (Majority and Minority Ownership)

- 68% VC Equity
- 20% Private Equity
- 12% Mezzanine financing
Key learnings from underlying investees

- Care about retaining mission-aligned employees of either gender, as well as hire more women
- Have faced bias
- Have been financing their businesses through personal savings, business profits, and in some cases bank debt rather than actively seeking capital
- Aim for long-term growth, hence were more comfortable with longer time horizons
- Are not requesting differentiated TA
Key learnings from fund managers

- Mostly ‘pro-gender’ but gender considerations not often embedded into the investment lifecycle
- Investment theses might limit the potential of financing women entrepreneurs
- More female partners, investment managers, and investment committee members can bring new perspectives and pipeline of women entrepreneurs
Key learnings from institutional investors

• Multiple gender lenses are needed (not just 51+% ownership), and many institutional investors combine several lenses
• Buy-in is critical from top management to investment officers
• Embedded gender considerations into the investment process is essential
• Lack of data and experiences inhibit measuring success and constructive dialogue between institutional investors and fund managers
• Collaboration is required, whenever possible

Good Practice Recommendations from institutional investors’ perspective:

✓ Build buy-in from senior management
✓ Ensure gender balanced staffing
✓ Target women early (in the pipeline)
✓ Provide technical assistance to fund managers
✓ Build the ecosystem, including working with incubators and accelerators on gender awareness
✓ Learn from others through co-investments, syndication agreements, and benchmarking
Way forward

• **Build the business case for investing in women**

*The elements of the business case exist: it is a matter of putting the pieces together and greater dissemination*

I. Continue to Gather Evidence & Discuss Progress
II. Showcase Successful Women Entrepreneurs
III. Apply Multiple Gender Lenses

• **Incorporate gender considerations in investment lifecycle**

*Despite good intentions, there needs to be more deliberate action to address gender*

I. Place More Women in Investment Teams and Investment Committees
II. Build Gender into the Investment Process

• **Provide the right capital and gender inclusive services to help women grow their businesses**

*More patient capital and gender-sensitive business development services will help entrepreneurs regardless of their gender, and women will benefit.*

I. Consider More Patient Capital
II. Ensure a Gender-Aware Ecosystem