Mango Fund Case Study:

HOW A UGANDAN INVESTMENT FUND IS DOUBLING THE NUMBER OF WOMEN-OWNED BUSINESSES IN ITS PORTFOLIO

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WHAT’S IN THIS CASE STUDY AND WHO IS IT FOR?

This case study describes Mango Fund’s journey to improve gender equality through its business operations—often referred to as “applying a gender lens.” It details the actions implemented by Mango Fund, the powerful results achieved to date in business operations and staff knowledge, and lessons learned. In so doing, it aims to contribute to filling the information gap on lending to women-owned agricultural small and medium enterprises (agri-SMEs).

This case study was designed for several primary audiences:

- **Banks and non-bank financial institutions** interested in embedding a gender lens and/or improving services to women SME clients, especially but not exclusively in agriculture;
- **Funders and gender technical assistance (TA) providers** keen to partner with and support banks and financial institutions (FIs) on their gender lens investing journeys.

We hope this case sparks conversation within your institutions, and provides an additional example and data point on the benefits of applying a gender lens to agri-SME lending.

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1 Mango Fund is one of the 17 East African financial institutions that participated in the Mainstreaming Gender Lens Investing for Agricultural Financial Institutions project, funded by United States Agency for International Development (USAID) and implemented by Aceli Africa and Value for Women. The purpose of this project was to enhance the capacity of East African financial institutions to integrate a gender lens into their agricultural lending product offering.
Executive Summary

Mango Fund is an East African impact investment fund investing in Ugandan small and medium enterprises (SMEs). A few years ago, it noticed that less than 10% of its entrepreneur clients were women, despite there being approximately 3,000 women-led SMEs in Uganda and the fund’s women clients tending to have consistently better loan performance than men. In response, in 2021, Mango Fund set off to capture a greater share of the women’s market—specifically, it sought to nearly double the number of women entrepreneurs in its loan portfolio within a year. To achieve this, the fund developed a gender strategy, a public commitment, and conducted rapid research with women clients.

After six months, Mango Fund reported meaningful results in business operations and staff knowledge, including:

1. Institutionalization of a sustained gender approach;
2. Establishment of organization-wide gender objectives and targets;
3. Establishment of a roadmap for improving Mango Fund’s sourcing and origination strategies to better uncover investable women-owned businesses; and,
4. Improved understanding of its women clients to further improve its differentiated value proposition for women entrepreneurs.

Within the timeline of the engagement with Value for Women, Mango Fund’s share of women entrepreneurs in its portfolio has grown from just under 15% to ~25%. Today, Mango Fund is well poised to achieve, if not exceed, its ambitious target of nearly doubling the number of women-owned businesses in its portfolio within the year.
Snapshot of Mango Fund

Established in 2011, Mango Fund is a woman-led impact investment fund that is encouraging economic development in Uganda by investing in local entrepreneurs leveraging technology to do in-country value addition. The fund targets the “missing middle” – entrepreneurs that are too big to receive financing from microfinance institutions but too small to access loans from commercial banks or not yet ready to take on other forms of commercial capital. It provides asset financing and working capital loan structures ranging from US$10,000 to US$75,000 to these SMEs that operate in a range of sectors, such as agro-processing and technical farming, as well as manufacturing, consumer packaged goods, and medical services.

An unexpected gap in Mango Fund’s portfolio

Mango Fund believes that gender inclusion and equality are essential to achieving inclusive and sustainable development. But when Mango Fund looked closer at its portfolio, it noticed that less than 10% of its clients were women entrepreneurs.

While this was surprising for Mango Fund, it is quite typical in the missing middle, and in the agricultural sector specifically. Only an estimated 16% of all agri-SMEs in Uganda are owned by women and women’s representation in the leadership structures of agri-SMEs in Uganda also remains low. This despite women making up over 5.7 million employees in the sector, accounting for more than half of Uganda’s agricultural workforce.

Women entrepreneurs in Uganda struggle to access the networks and skills needed to grow their businesses. Gendered social norms remain prevalent in many parts of rural Uganda, deepening women’s economic exclusion. For example, women in Uganda are not typically equal participants in household and financial decision-making, and being the primary caregivers and responsible for household tasks and management restricts their mobility and

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2 Value addition in agriculture refers to changing a raw agricultural product into something new through packaging, processing, cooling, drying, extracting, or any other type of process that differentiates the product from the original raw commodity.
3 The use of technology for farming that is developed to improve efficiency and profitability.
capacity to actively focus on income-generating activities. As a result, they may struggle to meet certain standard loan application criteria and collateral requirements, which means they often turn to family, friends, or their own savings to finance their activities. Additionally, women often operate outside of investors’ regular customer acquisition networks and channels.

The challenges faced by Ugandan enterprises owned or run by women are further amplified in the agricultural sector, which presents unique access to credit challenges. Agriculture contributes around 24% of GDP in Uganda, yet it receives only about 12% of total bank credit. In Uganda, only 6% of small-scale agribusiness companies have access to a loan or line of credit, as opposed to 44% in Kenya.

Some initial insights from Mango Fund’s data

To better understand why there were so few women in Mango Fund’s portfolio, in 2017 the fund conducted rapid market research and found that few women-led SMEs in Uganda were participating in value addition activities due to the large upfront capital requirement of these activities. Women-owned enterprises tended to be in lower-value sectors that have fewer barriers to entry, such as retail, trading, and services.

Moreover, the few women participating in sectors that Mango Fund typically invests in had capital requirements tending to fall under Mango Fund’s minimum threshold of USD10,000, and faced challenges meeting collateral requirements. They also tended to lack formalized records, often had less formal education and therefore less comfort interacting with formal institutions, and were constantly balancing their household and business responsibilities. Their needs and preferences were not being met by Mango Fund’s offer.

“Most women-led businesses are small scale, so it’s a challenge since [Mango Fund’s minimum loan thresholds] are a little large for the women. Most women are smallholder farmers and [it’s difficult] for them to enter into business because of the finance that is needed to acquire equipment.”

– Doreen Naturinda,
Investment Officer & Women Entrepreneur Initiative

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Mango Fund then analyzed its portfolio data, looking at women and men separately. It found
that, despite all of the aforementioned challenges, women clients tended to have
consistently lower rates of non-performing loans than men clients. This clearly
indicated that women-owned SMEs were a strong client segment worth expanding. In addition,
Mango Fund could see that few Ugandan FIs demonstrated a strategic or organizational focus on
serving women entrepreneurs, meaning that there was considerable room for Mango
Fund to gain first-mover advantage to capture a greater share of the women’s
market.

**Mango Fund set out to expand its portfolio of
women entrepreneurs**

With insights from its market research in hand, in 2017 Mango Fund set out to expand its
portfolio of women entrepreneurs. As a first step, that year it established a Women
Entrepreneur Initiative (WEI) to provide a differentiated value proposition to
women entrepreneurs in response to their specific challenges accessing credit. This offering
included:

- A lower loan threshold of US$5,000 for women unable to take on the standard
  US$10,000 minimum loan amount;

- For existing women clients, looking at character (based on repayment behavior and the
  investment officer’s knowledge of the client) instead of collateral.\(^{10}\)

Acknowledging that its current sourcing channels were potentially missing investable
businesses, Mango Fund also developed partnerships with organizations that focus
on women, for example Uganda Women Entrepreneurs Association Limited and the Uganda
Small-Scale Entrepreneur Association. Mango Fund investment officers regularly pitch at their
events to raise women members’ awareness of Mango Fund’s offering.

**Mango Fund also established targets, in terms of both the number and volume of
loans disbursed to women-led businesses.** To help meet these targets, Mango Fund
recruited a Women Entrepreneurship Investment Officer in 2019. As a result, it grew its
portfolio of loans to women-led businesses by 18% the following year (from US$191,000
in 2019 to US$234,000 in 2020).

This showed Mango Fund what was possible, and the WEI team decided to go further. It set
two ambitious targets for the end of 2022:

- To further increase the number of women entrepreneurs in its loan portfolio, from 11
to 21 loans.

\(^{10}\) Available for women who are unable to meet certain loan application criteria, such as minimum business turnover.
• To increase the total outstanding portfolio held by women entrepreneurs, from 16.5% to 22%, effectively increasing its lending to women by nearly 30%.

The promise of TA to meet the fund’s ambitious gender targets

In 2021, Mango Fund sought TA from Value for Women (VfW) to help meet these two ambitious targets. VfW guided Mango Fund through a systematic process from assessment through action planning to action implementation (for details on this process, see Appendix 1). Because the TA offer was focused on agri-SME lending, this was the entry point for the TA Mango Fund received; however, many of the actions Mango Fund chose to implement were focused on women entrepreneurs both in their agri-SME portfolio and beyond, in alignment with Mango Fund’s broad gender goals. Over the course of the following three months, VfW designed tools and provided support to Mango Fund as it implemented the below actions.
Mango Fund’s commitment to expanding its portfolio of women entrepreneurs is well understood internally by staff, however it has not been articulated publicly. Few of Mango Fund’s peers in Uganda have an explicit gender focus, which means the fund is missing out on an opportunity to differentiate itself from the competition to both potential clients and gender-focused funders. And while Mango Fund had established the two gender targets, which are embedded in the organization’s overall annual strategy, the fund did not have a roadmap to achieve them. Developing a gender strategy would help Mango Fund operationalize a gender lens across the entire organization.

A sustained gender approach was institutionalized, as was a clear roadmap for achieving the fund’s gender goals beyond the two targets. Organizational gender objectives were established, to be reviewed and adapted on an annual basis, including:

1. Adapting Mango Fund’s offering to the needs of women clients;
2. Maintaining gender balance in decision-making positions and across Mango Fund’s team;
3. Ensuring that Mango Fund staff have equal access to capacity building and professional development opportunities; and
4. Implementing systems that help Mango Fund understand the impact of its services on portfolio companies.

Targets were established for these objectives, including:

1. Annual origination and disbursement targets to help drive more capital towards women-led businesses;
2. Annual targets to ensure that women-led business clients are accessing TA support; and
3. Internal targets to ensure that Mango Fund’s leadership team and investment team are gender balanced.

A gender commitment statement helps an organization articulate its vision and aspirations for achieving gender inclusion at the highest level. A gender strategy outlines the specific actions an organization intends to take to achieve that vision by defining practical goals and objectives, setting targets, and defining key performance indicators to track progress and hold the organization accountable for reaching its stated goals.
**ACTION 2**

Conducted additional rapid research with women clients to improve marketing messages and origination strategies.

In order to meet the ambitious targets of nearly doubling the number of women entrepreneurs in its portfolio, **Mango Fund would need to increase its visibility in the market, especially among women-led and women-owned SMEs.** Mango Fund’s investment officers were already making use of a diverse set of sourcing channels to find prospective clients, including tapping into personal networks and attending women-focused industry events. Moreover, Mango Fund’s investment team was already gender balanced, increasing its chances of having a diverse pipeline of investment. A “**rapid research**” plan and tools put into action— in this case, through conducting a **series of short interviews** with women clients—could validate the fund’s existing offering and efforts to effectively serve women entrepreneurs, as well as highlight gaps within Mango Fund’s offering that could inform future value proposition design.

**RESULTS**

**Understanding was improved of where women get their financing information and business advice and what aspects of Mango Fund’s offering they value most.**

A roadmap was established for implementing improvements to Mango Fund’s existing sourcing and origination strategies, including:

1. Creating partnerships with local networks, accelerators, social impact funds, and farmer federations;
2. Developing a digital marketing strategy to reach women via social media platforms.

Mango Fund’s share of women entrepreneurs in its portfolio grew from just under 15% to ~25% over the course of this TA engagement.

“*This engagement] opened our eyes to look out for more partnership platforms, and we have looked at two that we didn’t know about before.*“

— Doreen Naturinda,
Investment Officer & Women Entrepreneur Initiative Lead
As a result of this work, Mango Fund is well poised to achieve, if not exceed, the ambitious 2022 gender targets it set for itself, including nearly doubling the number of women-owned businesses in its portfolio and increasing its lending to women by nearly 30%. And while the engagement was too short to observe effects on the bottom line, Mango Fund anticipates these effects too.

“We actually are going to hit our target. [And] we are attributing this to the GLI training and support from VfW. It has contributed in that it has enhanced our planning strategies and the team from VfW has helped us generate an action planning template so we can track targets on a monthly basis…coupled with Aceli incentives¹² and with the team being more focused on driving the WEI strategy.”

– Robinah Birinbonwa, General Manager

¹² Aceli provides portfolio first loss cover and origination incentives to increase the risk appetite of participating lenders and to compensate them for higher costs and lower returns of lending to high-impact agri-SMEs. One component of these incentives is a gender inclusion impact bonus for loans to enterprises that are gender inclusive, using the 2X Challenge criteria.
Where does Mango Fund intend to go from here?

“[The next step will be] ensuring that we apply this strategy that we have developed with help of VfW, to make sure that we work on it and if possible get more trainings and advisory.”

– Doreen Naturinda, Investment Officer & Women Entrepreneur Initiative

Reaching more women entrepreneurs through a digital strategy: The insights from the rapid study conducted during this TA engagement revealed social media is an important channel through which to reach women entrepreneurs in Uganda and to increase Mango Fund's visibility. Fund leadership intends to launch a digital communications strategy before the end of the year. The fund’s website is also currently being updated.

Improving the Women Entrepreneur Initiative to further meet the needs of women entrepreneurs: While Mango Fund has already made significant adaptations to its loan offering to address women entrepreneurs’ specific constraints, it recognizes that clients may have other needs it is not meeting through its existing offer. To this end, Mango Fund has added an extra resource to the Women Entrepreneur Initiative to drive the design and implementation of specialized TA for women entrepreneurs.

Exploring deepening gender impact within the existing portfolio: The fund recognizes the limitations of singularly focusing on women-led businesses, given the low representation of women entrepreneurs in its main sectors of investment. As such, Mango Fund's leadership is also interested in exploring ways to support its wider portfolio to have more gender equitable workplaces and supply chains. The fund plans to build its team’s capacity to engage SME clients on this.

Specifically on agriculture, Mango Fund's focus on lending to agri-SMEs in processing and value addition has great potential to drive rural job creation, with positive economic ripple effects within communities. Deepening the fund's gender results stands to drive even greater impact on job creation and community economic development.
Getting started on your own gender lens investing journey

For FIs looking to implement their own gender lens strategies, either on their own or with the support of a specialized firm such as VfW, five key lessons emerge from Mango Fund’s experience.

**Relatively small investments in time and resources can yield significant results.** As a result of speaking to nine women entrepreneurs, Mango Fund gained valuable insights into where their women clients go for information about financing, and identified several new networks they can now tap into for future investment leads. Market research does not always require large budgets and a specialized research firm.

**Sustainability and replicability as guiding principles.** Mango Fund was able to take advantage of a time-bound TA engagement to develop gender lens tools that will be used internally going forward. For example, the rapid research interview guides and data analysis matrix can be reused, and repurposed, by Mango Fund in the future.

**Leadership commitment and buy-in as the foundation.** Before the TA began, Mango Fund’s leadership, backed by a gender champion on the Board, was committed to improving access to finance for women entrepreneurs and had resourced the Women Entrepreneur Initiative with a dedicated investment officer. For FIs that do not yet have this foundation, preliminary activities should be dedicated to building this.

**As early as possible, hardwire tracking of gender metrics across the portfolio.** Mango Fund tracks sex-disaggregated loan performance data. This provided a strong foundation for identifying gaps and opportunities to support its clients further and deepen its gender impact and will support conducting gender monitoring and analysis of its portfolio moving forward.

**Embed clear gender targets into your organizational strategy.** Mango Fund defined a clear target of increasing its portfolio of women entrepreneurs in 2022, and this target was effectively communicated to staff. There is strong commitment across the organization to achieving this target.

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13 As defined by the Global Impact Investing Network, gender lens investing means taking into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions.
Several lessons from Mango Fund’s experience are important for funders and other stakeholders looking to support FIs through TA.

1. Project timelines should build in an appropriate amount of flexibility, to align with the investor’s own internal decision-making and implementation timelines.

2. In smaller organizations such as a local impact investor, team members often wear multiple hats, limiting their bandwidth to take on additional projects. It is all the more important, in these cases, to go with the grain of how the institution works and find opportunities to embed gender into existing processes and tools rather than create new ones.
## Annex 1: The process of Value for Women’s support to Mango Fund

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Diagnostic Assessment</td>
<td>Assessment of Mango Fund’s actions focused on women entrepreneurs to date, to identify new entry points for gender inclusion in line with the Fund’s priorities.</td>
</tr>
<tr>
<td>Menu of Options</td>
<td>Presentation of a list of actions and strategies for advancing gender and business outcomes, subsequently validated and prioritized by the Mango Fund leadership team.</td>
</tr>
<tr>
<td>Gender Action Planning</td>
<td>Translation of gender lens strategies selected by Mango Fund into a Gender Lens Action Plan, to serve as a work plan for the TA.</td>
</tr>
<tr>
<td>Technical Assistance Implementation</td>
<td>Development of practical tools to support implementation of the actions in the Gender Lens Action Plan.</td>
</tr>
</tbody>
</table>
ACELI

Aceli Africa is a blended finance facility designed to mobilize US$600M in private capital by 2025 to inclusive agri-SMEs in Kenya, Rwanda, Tanzania, and Uganda. Aceli aims to bridge capital supply and demand in the agri-SME finance market by providing financial incentives to a marketplace of 30+ lenders to unlock their balance sheets for high-impact lending that might not otherwise meet their risk-return criteria. Impact priorities span gender inclusion, food security & nutrition, climate & environment practices, and youth inclusion.

VALUE FOR WOMEN

Value for Women (VfW) is a specialized advisory firm helping organizations advance gender inclusion for business development. VfW works with a range of partners and institutions, including SMEs, investors, and financial institutions across Africa, Asia, Latin America, and the Pacific, to drive gender-forward solutions within their operations.

USAID

Throughout the world, widespread gender gaps in financial inclusion and economic empowerment negatively affect the lives of women and hinder economic growth. Recognizing an urgent need to close these gaps, USAID INVEST (INVEST) alongside the USAID Gender Equality and Women’s Empowerment Hub (USAID/GenDev) has built a US$23 million portfolio of activities to advance women’s economic empowerment by mobilizing private sector investment through catalytic capital, mainstreaming gender-smart policies and practices among investors and employers, increasing access to capital for women and women-led businesses, and building supporting environments.