

A Gender Lens Investing Landscape in Latin America:

A SUMMARY OF KEY FINDINGS

See the full report published in 2021 by Value for Women and UN Women's Win-Win Programme.

Why invest with a gender-lens?

GENDER-LENS INVESTING IS SMART INVESTING

Gender diverse firms in emerging markets had a **13% increase** in internal rate of return (IRR) to the median.¹



THERE IS A SIGNIFICANT OPPORTUNITY TO INVEST IN WOMEN-LED BUSINESSES.

Only **6%** of total VC and PE deals and **5%** of funding in LAC go to women-led businesses (WLBs).



...AND IN GENDER-FORWARD BUSINESSES.

Only **11%** of social enterprises that were part of impact investing portfolios in LAC had to achieve social impact with a gender lens as their main objective.



IF WOMEN ARE NOT AT THE DECISION-MAKING TABLE, THEN CURRENT GENDER GAPS MAY CONTINUE.

Only **20%** of VC/PE firms in LAC have a gender-balanced senior leadership team.²



SOLVING CHALLENGES THAT DISPROPORTIONATELY IMPACT WOMEN ALSO PRESENTS AN IMPORTANT INVESTMENT OPPORTUNITY IN THE REGION



The total **credit gap** for women-led MSMEs in LAC totals **USD \$931 billion**.³



Funding into the global femtech sector in 2013 was around \$100 million. By 2019, it had increased to **\$592 million**.⁴



If **2% of GDP** were invested in the health sector or the care economy, it would generate increases in overall employment ranging from **1.2% to 3.2%**, depending on the country. This would mean nearly **4.2 million new jobs in Brazil and 63,000 in Costa Rica alone**.⁵

¹International Finance Corporation (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital*.

²International Finance Corporation (2019). *Moving Toward Gender Balance in Private Equity and Venture Capital*.

³SME Finance Forum. MSME Finance Gap Database. Accessed: January 27, 2020. Available at: <https://www.smefinanceforum.org/data-sites/msme-finance-gap>

⁴Olsen, D. (2018). "This year is setting records for femtech funding." Pitchbook."

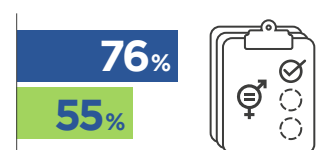
⁵De Henau, J.; Himmelweit, S. and Perrons, D. (2017). Investing in the Care Economy - Simulating employment effects by gender in countries in emerging economies. International Trade Union Confederation.

Key Trends:

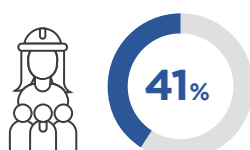
What our landscape scan revealed about GLI in LAC

We surveyed 29 Fund Managers in LAC, with a demonstrated interest in GLI. Whilst this is not exhaustive of investors deploying GLI practices in LAC, this highlights a summary snapshot of what has been achieved in GLI within the sample.

GENDER LENS INVESTING COMMITMENT AND STRATEGY

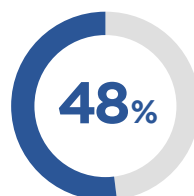


76% of surveyed fund managers said **gender equality is part of their core values** or principles. 55% said **gender is one of their top 5 priorities**.



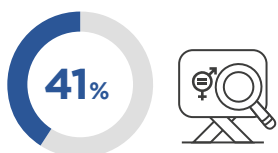
Despite this, only 41% of surveyed funds had **specific targets** set for women-led businesses in their portfolio.

PROVIDING CAPITAL WITH A GENDER LENS

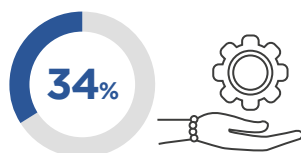


48% of funds provide specific investment vehicles for **women-led businesses (WLBs)** or to **businesses with a gender lens**.

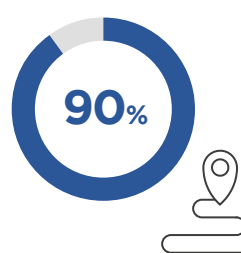
WHAT INVESTORS ARE DOING TO APPLY A GENDER LENS ACROSS THE INVESTMENT PROCESS



41% are incorporating **gender factors in due diligence**.



34% are supporting portfolio businesses in applying a **gender lens** in their business models.



90% of investors track data on the **gender diversity** of investees' leadership teams.

Yet, only 41% **sex-disaggregate data on investees' end clients or beneficiaries**.

WALKING THE TALK: GENDER DIVERSITY WITHIN INVESTMENT FUNDS

Women comprise 34% of board/investment committees and 37% of C-suite positions... Yet, only 24% are majority owned by women.



48% of funds surveyed **take proactive steps** to increase the number of women job applicants.

34% **take proactive measures** for retention and promotion of women employees.

WHAT SUPPORT DO INVESTORS WANT FOR THEIR GENDER LENS INVESTING WORK?

FUNDS LACK TECHNICAL SUPPORT:

- 52% of respondents have **received gender lens advisory services**.
- 80% of these have **only received short term training**.
- 10% of all investment funds have **received longer-term gender-lens support**.

TOP THREE PRIORITIES FOR INVESTORS:

- 59% **want to improve intentionality through the design of gender lens strategies**.
- 38% **want to develop specific funds or investment vehicles** tailored to women entrepreneurs.
- 34% **would like to provide gender technical assistance** to their investee portfolio.

Key Insights:

What we gleaned from what we saw

1 STRATEGY AND COMMITMENT

- Gender is part of the DNA for some funds. **Intentionality and commitment to gender is integral throughout the strategy, mission and investment cycle of multiple funds.**



2 PROVIDING CAPITAL WITH A GENDER LENS

- Investors are **broadening the definition of inclusion.**
 - Evidence of this is that some funds have LGBTQIA+, black and Indigenous issues on their radar, but this is the exception and not the rule.
- **Funds lack a strong pipeline of investment-ready women-led businesses,** particularly in the technology sector.
 - **Investment vehicles and financing needs of women-led businesses don't always match up.**



3 APPLYING A GENDER LENS ACROSS THE INVESTMENT PROCESS

- **LAC funds need guidance (technical assistance) and tools to effectively invest** with a gender-lens and to measure impact.
- There is a **need to further build the business case of GLI** through data from pioneering champions.



4 GENDER DIVERSITY IN THE INVESTMENT FIRM

- **Women investors are driving GLI.**
- **Spaces for collaboration are growing,** but more are needed.
- **Funds such as AlphaMundi and NESSt are taking action on gender diversity** within firms, but more work still has to be done.
- More progress on gender is needed inside investment firms. **In order to achieve this, negative beliefs, stereotypes, and unequal power dynamics that hinder gender equality need to shift.**



Top Recommendations for Investors & Other Entrepreneurial Ecosystem Supporters

- ➔ Understand your starting point for your GLI journey
- ➔ Get started and experiment
- ➔ Publicly commit to invest with a gender lens
- ➔ Promote gender diversity and inclusion within the investment firm
- ➔ Learn how to apply an intersectional gender lens to the **investment process**:

2

EVALUATION / DUE DILIGENCE

Apply a gender lens to evaluation decisions

- Address gender-based risks and opportunities in due diligence processes
- Add specific sections or mentions regarding gender to the investment memo template
- Award additional points for WLBs or gender-forward business
- Diversify the investment selection committee **with women and other underrepresented groups**
- Identify and address subjective assessment methods

4

PRE- / POST-DEAL ENGAGEMENT

Influence and support portfolio companies to apply a gender lens

- Provide WLB and underrepresented groups with mentorship & networking opportunities
- Develop business development service based on an understanding of WLBs' needs
- Offer gender lens technical assistance to portfolio firms

1

DEAL ORIGATION & SCREENING

Identify opportunities for gender less investing

- Set targets for women applicants
- Create specific funding calls
- Seek new deal sourcing channels
- Brand your firm as a gender lens investor
- **Create women's founder and talent initiatives / programs that seek to encourage women working in key companies to venture**

3

STRUCTURING / NEGOTIATION

Set gender-related milestones

- Develop financing options to meet WLBs' needs
- **Develop financing options to meet LGBTQIA+ business needs**
- **Address gender in contracts / memos**

5

IMPACT / EXIT MEASUREMENT

Build the business case for GLI through data

- Build the case of gender investing through business and social data
- Ensure gender-related exit expectations do not perpetuate gender bases
- **Collect sex, race, ethnicity and, if possible, gender identity, disaggregated data for investees & their clients.**

