

Closing the Gender Finance Gap

Mapping the Opportunity for Gender Lens Investing in the Philippines

We surveyed and interviewed **103 women entrepreneurs** from the Philippines that are traditionally defined as micro, small, or medium enterprises (MSMEs) to understand their financing needs and challenges in unlocking capital. These businesses are ambitious and ready-to-grow but face systemic, social, cultural and investment biases that limit their ability to access investment, scale up, and grow. We call them WSGBs or **Women-owned or led Small and Growing Businesses**.



Profile of Women Entrepreneurs

70%

1 to 5 years in operation

72%



Women-Owned Businesses

28%

Women-Led Businesses

41%

Aged 30 - 39

47%

Corporations

41%

Sole proprietorship

54%

WSGBs' teams are comprised of all-women

Who are WSGBs?

- * WSGBs have capital needs beyond microfinance
- * Women are the primary decision makers of their businesses
- * Women entrepreneurs are highly growth-oriented and revenue-focused

56%



College Graduates

34%

Post-Graduate

47%

Based in NCR

Motivations, Needs, and Challenges

78%

WSGBs relied on self-financing in the first two years of operations

32%

WSGBs borrowed from close friends and family or "inner circle"

41%

WSGBs need **PHP 1,000,000 or less** for their immediate growth needs

32%

Prefer convertible loans or Simple Agreement for Future Equity (SAFE) as a potential source of funding

58%

WSGBs face discomfort and readiness challenges when it comes to accessing external capital

26%

WSGBs experienced gender-related challenges in accessing financing

18%

WSGBs cited compliance requirements as a key factor that hindered them from availing funds

60%

WSGBs want leadership coaching to level up their skills as their business grows



NUSHU NETWORK
UNLOCKING CAPITAL FOR WOMEN



SASAKAWA PEACE FOUNDATION

INVESTING IN WOMEN
SMART ECONOMICS
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT

We surveyed and spoke to **9 investors** with different fund sizes and models in the Philippines to gather their insights on the gender financing gap and the growing Gender Lens Investing (GLI) sector in the country. This group of investors is a mix of venture capital funds, debt facilities, incubator-investors, impact funds, non-banking financial institutions, angel networks, and foundations.



Opportunity for Gender Lens Investing (GLI)

Gender Lens Investing is an investment approach that includes gender-based factors during the investment decision process. GLI aims to address gender issues and promote gender equity.

Between 2020 and 2022 USD 2,519 billion of GLI capital was deployed in Southeast Asia.

The Philippines ranks as the second most developed ecosystem for GLI in Southeast Asia.

(1) Gender Lens Investing Overview, "Global Impact Investing Network (GIIN). n.d.
(2) Update: Gender Lens Investing in Southeast Asia," Australian Aid, Investing in Women, Value for Women, 2023.

Challenges

- 01 Low visibility of WSGBs in pipeline sources**
Majority of the investors source investees through word-of-mouth or referrals. They cited a lack of visible "investment-ready" WSGBs in their current pipeline networks.
- 02 Mismatch of existing products vs. WSGB needs**
WSGBs require financing across a Greater Missing Middle with diversified terms, while most investors are focused on larger ticket sizes and limited flexibility across investment instruments.
- 03 Lack of data and success stories of WSGBs across diverse sectors**
There is limited data, narratives, and success stories of women entrepreneurs from diverse sectors in the ecosystem. The perception of WSGBs as "really small, slow to scale" needs to be combated.

Profile of Investors

- * Investors are spread across a spectrum of fund sizes and stages
- * Investors deploy across the continuum of capital but the Greater Missing Middle is still a gap, especially for WSGBs
- * 5 out of 9 investors have a fund size or assets under management of USD 1M - 5M
- * 4 out of 9 investors have 50% or more women in management or decision-making roles

22%

Investors allocate 100% of their portfolio to GLI

67%

Invest in early-stage enterprises

47%*

Deals by investors in women-owned and led businesses

*MEDIAN PERCENTAGE OF DEALS

33%

Invest in growth-stage enterprises



Investors invest mainly in tech or tech-enabled startups



Investors are sector-agnostic



Investors identify as impact investors



The Greater Missing Middle



90% of WSGBs need financing to scale up in the next 12 to 24 months. They seek capital for operations, team expansion, and product experimentation.

The majority urgently requires less than PHP 5M, revealing a greater "missing middle" starting at around PHP 300k (USD 10,000). Access to capital in various ticket sizes and non-financial support is crucial for their growth.

Gender Finance Gap: Mismatch of Fit, Need, & Perceptions

01 Access

WSGBs lack access to investor networks, funders, and institutions, and those outside metro areas miss out on crucial opportunities to build such connections at in-person events and conferences.

02 Ticket Sizes

WSGBs face a "Greater Missing Middle" with financing needed from USD 4,500. Smaller tickets can help build traction, grow revenues, gear up for institutional capital.

03 Perceptions of Success

Many WSGBs believe they do not fit the investor's ideal profile - lacking foreign education or influential family connections - which hinders their perceived potential for success and growth.

04 Financing Instruments

WSGBs need flexible instruments like debt products with flexible repayment schedules or credit lines; or equity investments without priced rounds. Many WSGBs expressed they are either unable or unsure of where to access them.

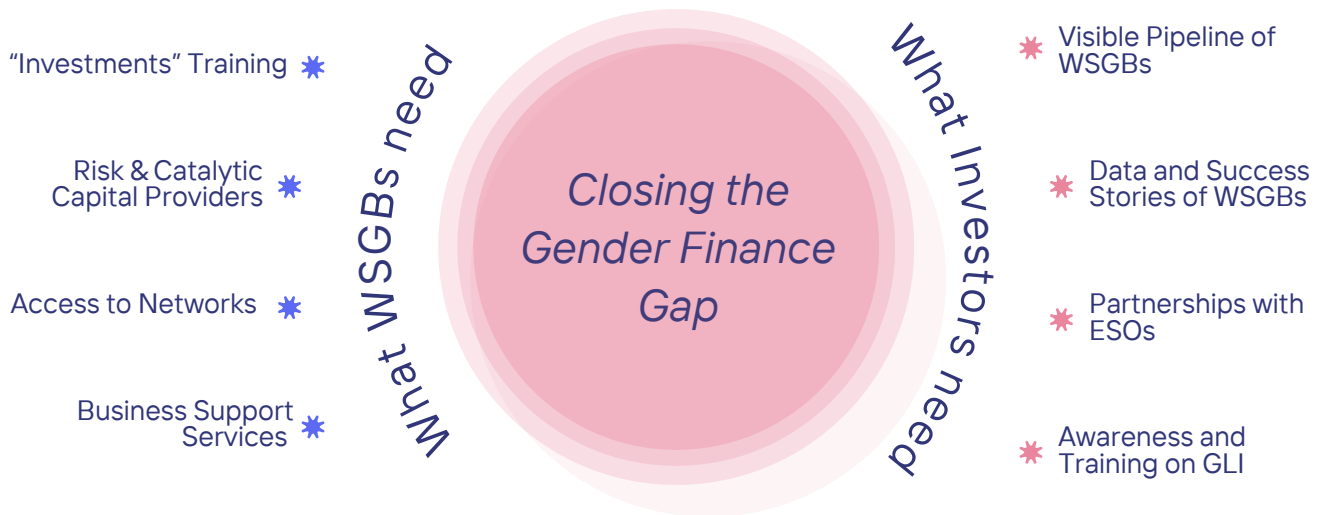
05 'Investments' Literacy

WSGBs lack exposure and clarity on the diverse financial instruments and know-how on financing, and navigating terms that are right for their business needs.

06 Collateral Requirements

Traditional banks and financial institutions demand collateral, but most WSGBs do not have personal assets or high-value business assets at the early stages to pledge.

Addressing the barriers to financing for Women Entrepreneurs



To address the Greater Missing Middle, flexible and tailored investment instruments need to be made available at the early stages.

Debt	<ul style="list-style-type: none"> Asset-based Lending Cash Flow-based Lending Working Capital Leasing/Pay-as-you-go Trade Finance 	Mezzanine	<ul style="list-style-type: none"> Partially Unsecured/Junior Loans Royalty-based Lending Convertible Loans Preference Shares Redeemable Equity 	Equity	<ul style="list-style-type: none"> Common Shares Preference Shares
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Recommendations

Actions for Entrepreneurs

- Proactively learn and gather information on a range of financing options that is suitable and available for your business at each stage
- Improve "investments" literacy by learning about the 'appropriate match' for you – instrument, terms, funder – and get ready with the right documents
- Actively build your networks to access investors and financing opportunities, and better understand expectations of potential investors

Actions for Investors

- Expand pipeline partnerships with incubators, accelerators, and women's networks around the country to increase access to a diverse deals
- Co-create and customize financial structures that address WSGBs needs and challenges along the Greater Missing Middle
- Adopt a formal gender lens to help diversify your portfolio and improve gender equity of investment teams; train your team on unconscious biases

Actions for the Ecosystem

- Create new and untapped collaborations for financing by working closely with philanthropic players and other ecosystem partners to unlock catalytic or concessional capital
- Focus on depth over breadth and provide interventions along the continuum of capital and support to plug gaps in the pan-national ecosystem
- Provide reliable information, trends, market intelligence, and data to direct the appropriate capital to address the gaps in the local ecosystem