

# A Model of Impact Investing With a Gender Lens: Perspectives from Africa-based Fund Managers

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# Outline

- Background
- Theoretical consideration
- Research method
- Results
- Discussion
- Conclusion



# Why impact investing?

- Fieldwork in Sierra Leone, Cameroon, Ghana and Kenya (2014-2018)
- Ngoasong, M., Paton, R & Korda, A (2015). Impact Investing and Inclusive Business Development in Africa: A research agenda. *Innovation, Knowledge and Development*, Working Paper No. 76.
  - 10%-12% of \$114 billion impact investment asset allocation to Sub-Saharan Africa (Global Impact Investment Network, 2017).
  - The emergence of women-focused impact investment funds:

Development Finance Institutions

Multinational Enterprises

High networth Individuals

Institutional Investors

Philanthropic Institutions

Faith-based organisations



The (woman) entrepreneur as a “gold fish in a fish pond?”

# Why women?

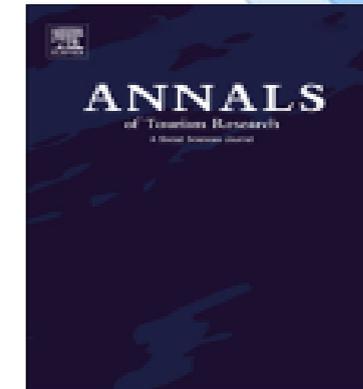


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### Women as vectors of social entrepreneurship

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## ***Why Hurry? The Slow Process of High Growth in Women-Owned Businesses in a Resource-Scarce Context***

*by Michael Zisuh Ngoasong and Albert Nsom Kimbu*

# Gender Lens Investing

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- Gender lens impact investing
  - “investment strategies applied to an allocation or to the entirety of an investment portfolio, which 1) seek to intentionally and measurably address gender disparities and/or 2) examine gender dynamics to better inform investment decisions” (Global Impact Investing Network, 2018, p. 2).
- Gender lens investing approaches (Lang et al., 2015; Quinlan & VanderBrug, 2017):
  - Investments that focus on increasing access to capital for women
  - Investing in workplace equity, for example increasing women’s representation on boards and in senior leadership positions as a way to alter the gender landscape at the top, as well as policies that benefit women more broadly, such as wage equity and paid maternity leave and
  - Investment in businesses that offer products and services that target women (e.g. female hygiene products, maternal healthcare, clean cook stoves in the developing world).

# Theoretical Background

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- Entrepreneurship, finance and gender
  - Complementing Marlow and Patton's (2005) question on why 'all credits go to men', in seeking to address the long-standing gender inequality in access to finance, gender-lens investing can be seen as catalyzing change and innovation in entrepreneurial finance ... but there is a risk of that a gender-focused narrative amounts to 'fixing women' (Chant and Sweetman, 2012)
- Social entrepreneurship
  - When viewed through the theoretical lens of social entrepreneurship (Kimbu & Ngoasong, 2016), gender lens investing can be catalyst for enabling innovative approaches to the generation of financial return, social transformation and community development through investing in women-owned businesses.
- **Research questions**
  - In what ways do gender-lens impact investing practices in resource-scarce contexts in Africa relate to women entrepreneurs' goals and agency

# Research Method

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## Qualitative and purposive

- Research setting of Ghana and Cameroon
  - Two women-focused MFIs: dual logic of finance + impact
  - Perspective of fund managers on investing with a gender lens targeting micro and small women-owned businesses
- Data collection and analysis
  - Documentary analysis and site visits (observations)
  - Two case studies: microfinance organizations
  - In-depth interviews with senior managers, branch managers and credit officers of the two microfinance institutions (N=10) and global impact investors (n=22)
- Data analysis – narrative analysis
  - Interview accounts were exploratory and flexible such that themes and findings emerge from the data and reinforced by the literature review
  - Themes were generated inductively from the data, which were coded using short descriptors (Patton, 1990),

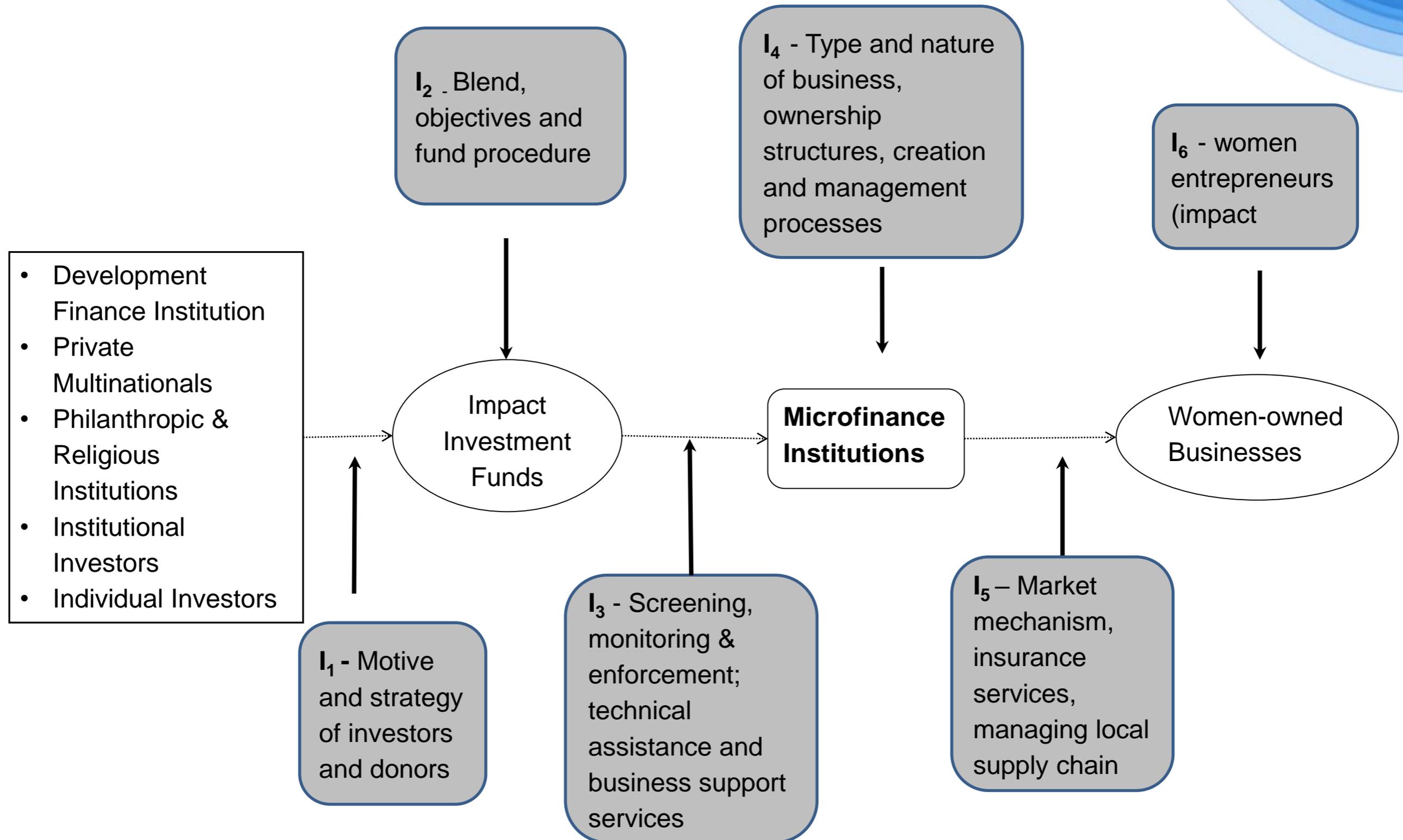
# Case Studies



Case	Sources of gender lens impact investing	Year	Investment strategy
I-Microfinance Ltd Ghana	<p>Approx. \$US2 million from three gender lens impact investors with the objective of promoting financial inclusion at bottom of the pyramid communities.</p> <ul style="list-style-type: none"><li>• high net-worth individual (n=1)</li><li>• international corporate investment vehicles (n=2)</li></ul>	2009	<ul style="list-style-type: none"><li>• Through group lending schemes, it support women entrepreneurs and women-owned businesses.</li><li>• 97 staff members operating in nine branches (offices) accross Ghana</li><li>• Directly invested in more than 2000 women entrepreneurs and women-owned businesses.</li></ul>
C-Credit Ltd Cameroon	<ul style="list-style-type: none"><li>• Equity from women-focused investors impact investors up to 10% of Total Assets during 2012-2016).</li><li>• Grants from impact investing foundations in Europe and North America</li></ul>	2000	<ul style="list-style-type: none"><li>• Member-led / member-driven savings and loans cooperative society</li><li>• E.g impact target: membership rose from 633 in 2011 to 1200 in 2015, all of whom are women</li></ul>

Source: Interviews and company documents

# Gender-lens Impact Investment Flows



# Illustrative quote 1

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## Lower interest on loans for women-owned businesses

- *“Whilst our loans to individual businesses is 6%-7% per annum, the rural women are charged 4%. Whilst we ask for collaterals for loans to middle income businesses, we don’t ask for collaterals from rural women entrepreneurs. ... We partner with [impact investors] where we manage the funding they provide to caretaker for street children. We give the funds to women-owned businesses that serve this target market and we monitor the women, we work with them, educate and provide financial management training for them, prior to extending the loans to their business.” (C1P1).*

## Illustrative quote 2

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### Investing in women-owned businesses as social impact

- *“Women want to generate income that they may support their husband to educate their children, they want to be socially responsible. They want to have income to be able to meet up with the society. Some are single mothers who need to rent houses, pay school fees and feed their family. Without income generation they may turn to prostitution or other dirty businesses. Economically, if they don't get involve in business activities, our economic will not improve. Thieves target women because they know that they are the weaker sex. For some of our members getting involved in business activities safe them from these issues.” (C2P1)*

## Illustrative quote 3

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### Overcoming 'stereotypes' / 'stigma' about women entrepreneurs

- *“Even very successful women in business may never find peace in their marital home because of the cultural backgrounds and barriers that we have in our society today. They hinder many women from getting involve in businesses no matter how they struggle. I have had a group of women whose businesses are doing well but they are still scared of declaring their savings to family members. They tell me to hide it. They say ‘keep this quiet, never you allow X to know’ even if X sees them coming into our office to deposit the money. Many barriers are really hindering these women.” (C2P3)*

# Discussion



## Impact Fund Management

- Strategies for raising gender lens capital from investors
- Blend/integrate objectives and fund procedures of multiple gender lens investors
- Deploying gender lens investments to women-owned micro, small and medium-sized businesses

## Entrepreneurial motivation

- Social transformation: 'self-independence' (social status) and poverty alleviation (others)
- Commercial goal: 'self-independence' (financial status), income (family status), enterprise survival and/or growth
- Serving a defined community need for marginalised persons (pro-poor) and/or provide high quality product/services (affluent)



## Agency for business execution

- Screening, monitoring and enforcement instils due diligence mind-set on women entrepreneurs
- Technical assistance and business support improves business management capacity of staff
- Board representation to strengthen ownership structures and organisational practices
- Facilitate access to market, insurance services and supply chain linkages

# Conclusion

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- Understanding gender-lens investing
  - New frameworks are needed to enable investors and fund managers to recognize and address the persistent gender inequalities in market-seeking and finance-seeking venture financing (or investment) strategies.
  - Impact investing with a gender lens combines societal impacts and commercial goals pursued by women-owned businesses in resource-scarce contexts
- Implications for policy and practice
  - Factsheet indicators of gender lens investing (e.g. GIIN 2018; Women Effect 2016; 2017) is insufficient ... is gender-bias in favour of women the way forward?
  - Existing evidence does not support large-scale and systemic transformational impact ... even in western countries (e.g. Roberts, 2016)
- Limitations
  - Fund managers' perspective is not the voice of women entrepreneurs
  - Categories of women entrepreneurs reflect differences in fund manager practices
  - Impact evaluation



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