



GRAÇA MACHEL TRUST WOMEN INVESTMENT VEHICLE

Objective

The Graça Machel Trust (GMT) has been championing women's economic empowerment across the continent since 2010. With its strong networks and influence, it is well placed to convert these initiatives into action and advance investment in women-owned and -led businesses. GMT aims at supporting a growing pipeline of women-owned SMEs.

In Sub Saharan Africa (SSA) there are 236 thousand women-owned SMEs second highest only after East Asia and Pacific . More than half of these firms cannot access the finance they need to grow their business, this is a \$41.5b financing gap - equal to -61% of the current supply of finance to male and female owned SMEs in SSA. In addition to financing constraints, women entrepreneurs face gendered social norms that make it challenging to start, run and scale a business. Investing in women-owned and -led businesses is increasingly being recognized as a way to create both financial return and social impact . Gender lens investing is the practice of investing for financial return whilst considering the benefits to women.

Unlocking the potential for women entrepreneurs

- Globally, women entrepreneurs are outpacing men in job creation with an average expected growth rate of 10.9% compared with 8.3% among male entrepreneurs. This suggests that targeting the growth of women entrepreneurs has the potential for major economic and development gains.
- The 2017 GMT survey of 664 women entrepreneurs in East Africa gave insight into women-owned enterprises readiness for growth:
 - At least 71% of the women surveyed started their business from their own savings, and ploughed the earnings back into the business.
 - 63% of the businesses GMT surveyed reported that they were profitable and 91% indicated a willingness to grow their business.
- However, women find it difficult to expand their SMEs:
 - Women entrepreneurs own over a third of the very small and small SMEs. However, this percentage reduces drastically for medium-sized SMEs to 19%
 - The constraints are a combination of demand and supply side factors that affect women's ability to access capital and for providers to deploy it.

The Opportunity

Graça Machel Trust (GMT) sees a strong opportunity in supporting a growing pipeline of women-owned SMEs. It is focused on gender as a lever for opportunity and impact, investing in high-potential enterprises owned and/or led by women, and considering those disproportionately impacting the lives of women. There is a strong case for gender lens investing (GLI):-

- **Limited access to finance:** Women owned SMEs struggle to access finance – a supply-side gap is compounded by gender norms. These SMEs are trapped in the missing middle. They need greater investment than what is available from traditional MFIs, but are too small for most private equity funds and struggle to access affordable financing from banks.
- **Entrepreneurship:** 69 % of women-owned SMEs are underserved globally by financial institutions. This represents a financial opportunity to serve this market of ~\$320 billion.
- **Employment:** In some contexts, breaking down barriers for women to work in certain sectors or jobs can lead to an increase in overall labour productivity of up to 25 per cent.
- **Leadership:** High-performing companies are almost 50 percent more likely than low-performing companies to report that men and women have equal influence on strategy development.
- **Consumption:** Women as consumers control about \$15 trillion of global consumer spending, and by 2028 will be responsible for two-thirds of consumer spending worldwide

GMTs Value Proposition:

- A deep network across 18 countries that reaches more than 400,000 women entrepreneurs. GMT has established 4 pan-African networks: Network of African Business Women, African Women in Agribusiness, the Women in Finance Network & the Women in Media Network. These are across 18 countries and reach more than 400,000 women entrepreneurs. Network size at country level ranges from 8,000 members in Uganda to 250,000 members in Kenya. GMT understands the businesses in these networks well, enabling it to provide a constant credible pipeline of businesses in which to invest.
- A reputation as a convener, regularly bringing together women leaders and change-advocates from across Africa to advance women's empowerment. GMT has hosted three conferences on women's economic advancement, each with more than 250 members, including investors and policymakers in three different African cities from 2010 to 2014. In 2017, the Women Advancing Africa Forum convened and connected 300 women from different backgrounds including agribusiness, extractives and energy, services and trade, finance, technology and media. This resulted in compiling a repository of case studies on best practices for empowering women and creating a growing database of businesswomen, entrepreneurs, thought-leaders, influencers, and innovators in Africa that can, and want to drive change.
- Since 2018, GMT has developed a dedicated team of women professionals with expertise in investment and women's empowerment on the continent. This team were the lead consultants and authors of GMT's 2017 groundbreaking research on 'Growth barriers faced by women entrepreneurs in East Africa.' These primary results combined with programmatic learnings and prior research inform the investment thesis for our gender lens investment proposition.

Proposed Fund Structure:

Objectives: To raise a GLI fund as part of a managed pool at an existing intermediary for East African Women to start with. Build proof of concept with the aim of raising a larger fund in round two.

Instruments: Debt and mezzanine portfolio with ticket sizes ranging from \$50K to \$1M, and a median of \$200K.

Geography: Focused on East Africa with potential to build links across the continent through GMT's network.

Fund Structure: May feature more than one investor tranche to accommodate varying LP objectives.

Co-designing an gender lens investing vehicle

GMT is seeking partners to co-develop a fund that provides finance for women-owned and -led SMEs. It seeks a fund management partner with complimentary experience and expertise to co-design an investment fund for Gender Lens SMEs in Africa.

Graça Machel Trust	Fund Manager Partner
GLI Expertise	Fundraising
	Due Diligence
Deal Sourcing	Deal Structuring
Fundraising	Exits
Pre Investment TA	Post Investment TA

We are seeking genuine partnership, bringing our complimentary skills together right across the investment pipeline from deal sourcing and investment decisions to business support.

For More Information

Andia Chakava - Investment Director

Area of expertise: Women Economic Empowerment, Fund Management, Funder and Entrepreneur Relations, Deal Sourcing, Strategy Development, Intimate knowledge of East African landscape

Experience: Andia has over 15 years investment experience and over 5 years driving women economic empowerment initiatives. In that time she has built two asset management companies from scratch in Kenya (Old Mutual Investment Services and Alpha Africa Asset Managers). Master of Business Administration in Finance with merit from Cass Business School.

Email: AndiaC@gracamacheltrust.org

Theo Sawa - Investment Advisory Board

Area of Expertise: Strategy, Funder Relations, Social Development, Extensive Board experience

Experience: Theo is also a board member of various civil society organisations and grant making foundations, including being a trustee of Comic Relief (a multimillion grant making foundation) and Chair of Comic Relief's International Grants Committee; a member of the African Advisory Board of the Stephen Lewis Foundation; a Patron of Evidence for Development; a member of the UBS Optimus Foundation and a board member of the Graça Machel Trust.

Email: theo@awdf.org



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