

2 Four questions to

Suzanne Biegel, Founder of Catalyst at Large



Suzanne Biegel, Founder of Catalyst at Large, gave the keynote address at the Luxembourg Microfinance and Development Fund's first Invest Differently event, The Women Effect. After the event, we took the time to catch up with her, to gain some practical insights into what taking a gender lens means for fund managers and in particular for the LMDF.

How can a gender lens be implemented within a fund?

This really depends on the fund. Some funds may be inherently gendered and lead with a female focus, others might have a different aim, for instance, climate change or agriculture, but find that it is important to consider where gender fits in as part of their work. Depending on the fund's remit, gender can be examined at many stages in the investment process. In fact, at any point where you begin to notice gender, you can start to take it into account, be it by looking at women in the supply chain, female customers or beneficiaries, or women leaders, entrepreneurs or co-founders.

This is not purely a question of looking at numbers. Consider, for instance, factories, which might have high levels of female workers, but all employed at the lowest levels, with little opportunity to have their voices heard. To resolve the imbalance you need to understand policies and how people are valued. Adopting such an approach means that you need to consider your whole investment process, how deals are sourced, screened, evaluated, collected and, of course, how data capture is handled.

Moreover, as a fund, you should not forget that you can put pressure onto companies to encourage them to change their practices, be it by withholding capital until such a time as a company starts to provide crucial data on the gender balance among its staff, or by structuring a loan to encourage improvements in corporate governance.

It is not only the underlying investment which needs to be considered. It is also the governance of the fund itself. Who is on the board? The management team? The Investment Committee? Who is making the decision about how capital is being deployed?

What impact do you hope to have by viewing investment through a gender lens?

First and foremost I want to increase access to capital for women entrepreneurs and fund managers. There is currently a capital gap and women-led SMEs are disproportionately excluded, with over 10 million female-owned SMEs seeking financing. This situation is more challenging in the developing world, where land ownership rights, the listing of companies in male names, the requirement for a husband's approval or cultural issues make it extremely challenging for women to obtain loans. There are, of course, exceptions, such as the female entrepreneurs who are driving the Philippines forward, but, by and large, women do face more difficulty. Even in the high-tech, high-capital world of Silicon Valley, the successful female entrepreneurs, who say that they

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found the process of obtaining funding to be gender blind, are certainly exceptions.

The other reason why I am so interested in investing with a gender lens is because of the opportunities I identify. The lack of women on investment committees and in investment roles within funds means that there may be a gender bias in the allocation of capital. Single-sex teams may overlook certain opportunities because they are not in tune with everyone's needs or because they do not understand the target market. Aligned to this, I also believe that investing with a gender lens can help to counter risk. If a company's gender policy is not carefully constructed, a company can face significant challenges with its labour force or supply chain, be it from a class action law suit, a public scandal or a mass exodus of high quality women. Those who take this into account can make significant strides into de-risking their business.

Of course, having a more gender equal world is the right thing to do. It is just and fair that people have equal access to capital. Finance can be a powerful tool for social change. Hopefully by shining the light on female success stories, more women will be encouraged and have the confidence to go forward in their career. Additionally, given the factors I mentioned above, investing in women also seems to be the smart thing to do.

You have already mentioned some of the challenges which entrepreneurs in the

developing world face when seeking finance. Are there any other challenges that you perceive that make the emerging market context difficult?

There are a lot of other factors which make life more complicated for women in the developing world. Firstly, cultural norms may place lower expectations upon women, with people doubting they will be able to set up, and grow businesses or obtain financing. This can really hold women back and have a profound impact on their confidence. The effect is compounded by the fact that women may not have had the same levels of education as men which can make certain aspects of running a business very challenging. When change does start to happen and women do have more access to capital and start taking financial decisions, there can often be a backlash. We may see a rise in gender-based violence which takes a long time to diminish. However, things are changing and there are some fantastic examples of female-led businesses in emerging economies.

Financial barriers are a second problem. I have already highlighted some of the issues women may have in trying to obtain loans, and these can contrive to make women anxious about turning to external financing and even lead to them being suspicious of it. To counteract this, women need more coaching, mentoring, support and role



"Just having a woman on the board or just having a woman in management actually does not mean that there is a shift..." / Suzanne Biegel

models to encourage them to grow their businesses. Yet, when the role models of business people seen in local media are overwhelmingly male, it is difficult to build up momentum for change.

However, the challenges may also present opportunities. At the moment angel investing is not understood in emerging economies. Although it has become a critical source of capital in the developed world, its potential has not yet been discovered in emerging markets: providing an infrastructure and a better understanding of this source of funding presents an exciting possibility. Remittances is another area which also has considerable potential. Traditionally these have been used to support a family's education or healthcare, but people working abroad are increasingly looking to do more with the money they send back home and platforms such as Homestrings are catering to this need. Any new means of providing capital can give local entrepreneurs confidence which can help to seed further opportunities.

How do you see gender lens investing developing in the future?

Over the past 5 years, people have really begun to shine a light on this area. At every level, from the World Bank to the large financial institutions, people are starting to realise that this is an important area that must not be ignored because of its significance in social and economic terms. Yet, despite this realisation, gender lens investing is still a drop in the ocean in the scheme of the billions of dollars currently under management and it is still much smaller than it needs to be. To get it to grow to its full potential, various players, from the large institutions to programmatic funding and grant money, need to sponsor initiatives. We are currently seeing a wave of new products from Credit Suisse, Morgan Stanley, Barclays, UBS and Bloomberg.

This is promising, as products are needed to start the investment cycle, however the concern is that they will not receive sufficient support from investors. A lot of money seems to have been placed behind product launches, but less attention has been paid to the marketing and sales process which needs to follow to ensure this is not a flash in the pan, but a trend which gets the attention it deserves.