Rethinking Gender-Lens Investing

Insights from East Africa and beyond



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ABOUT OPES-LCEF

Our journey in impact investing began in 2013 as a single foundation based in Italy. Over the years, we have evolved into a family of interconnected organisations, united by a shared mission: to back enterprises and solutions that generate meaningful impact and contribute to long-lasting systemic change. We have been pioneering among investors globally in integrating a gender-smart strategy across our organisations and our entire investment cycle, and this gender lens approach is fundamental to our work.

In 2013, **Fondazione OPES**, based in Italy, began its activity as a pioneer of impact investing providing purpose-driven risk capital and management support to early-stage enterprises tackling poverty and addressing social and environmental challenges in developing countries and emerging markets.

In 2017, the UK-based Low Carbon Enterprise Fund (LCEF), established in 2007 by the ERM Foundation to support early-stage low-carbon enterprises across the Global South, became part of the OPES ecosystem. To preserve the founding values and legacy of the two organisations, and as an expression of a new joint strategy, the foundation in Italy and the UK-based charity adopted the shared name **OPES-LCEF**.

In 2020, **OPES Italia SICAF EuVECA**, an impact investing fund backing start-ups in Italy, was incubated and launched.

In 2026, **OPES Impact SGR Benefit Company** was established as a dedicated impact investing asset management company, with the aim of accelerating change at the intersection of capital, impact, talents and community. The asset management company, gender-balanced in its ownership and governance, is committed to promoting gender equality practices through its funds and generating measurable, long-lasting impact.

The OPES ecosystem is an active partner in many networks and associations. Beyond its investment activities, it also runs community-building initiatives inspired by systemic investing approach. Among these is the **Social Enterprise Open Camp (SEOC)**, an international residential training event dedicated to social entrepreneurship and impact investing. SEOC brings together entrepreneurs, investors, capital allocators and policymakers to reduce asymmetries, break down silos and develop a common language and understanding to promote a community of conscious leaders.

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We thank our partners, advisors, team members and above all the women founders who entrust OPES-LCEF with their vision and ambition. We would particularly like to thank our longstanding partner, the DOEN Foundation for their support for this work.

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OPES-LCEF also acknowledges the broader ecosystem of researchers, data providers, and organisations whose published work informed this analysis, and the many academic and practitioner sources cited throughout.

Any errors of fact or interpretation remain the sole responsibility of OPES-LCEF.

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FOREWORD

At the DOEN Foundation, we are committed to supporting people around the world who are using entrepreneurship to work towards creating a green and socially inclusive society with room for imagination. Women entrepreneurs in Sub Saharan Africa can play a key role in providing products and services that benefit the environment, improve their communities and strengthen local economies.

Yet we know that women entrepreneurs face distinct challenges in accessing the funding that they need to grow their businesses. Our longstanding partner, OPES-LCEF, has been a pioneer in working closely with women entrepreneurs at the intersection of climate, impact and gender for many years, not only in providing them with the right kind of finance and support, but also in influencing the debate around gender-lens investing.

That is why we are delighted to support this paper by OPES-LCEF focusing on gender-lens investing. We would like to see a deeper understanding among capital providers of the barriers that women face, and the need for effective and intentional funds to be made available to them. As this paper points out, gender-lens investing is far more than a tick-box exercise, but a catalyst for more resilient economic growth and a contributor to lasting systemic change. We hope that this paper inspires funders to take forward gender-lens investing in new ways and strengthens the conversation about this important topic around the world.



Maarten Derksen
Program Manager at the Postcode Loterij Fonds
from DOEN Foundation



WELCOME: GENDER-LENS INVESTING FALLS SHORT, SO HOW CAN WE FIX IT?

Elena Casolari: Founder, Fondazione OPES-LCEF; Trustee, OPES-LCEF (UK)

Africa's gender-investing ecosystem has grown substantially in scale and sophistication. But growth in the number of funds and volume of commitments has not yet translated into proportional improvements in capital flows to women-owned enterprises, nor in the design of instruments that match women's actual financial needs and risk profiles. A vicious funding cycle still exists that starves women entrepreneurs and nurtures conventional biases.

Since 2020, we at OPES-LCEF have focused our investments at the intersection of climate, impact and gender, with a clear emphasis on locally rooted businesses where female founders have a substantial stake and a hands-on role in the company. Together with several of our partners, we decided to capture what we have learned, the challenges we have faced and our key insights in this paper, with the aim of advancing the conversation about gender-lens investing.

Our findings suggest a field at an inflection point. The first generation of gender-lens investing in Africa largely asked: can we find and fund women-led businesses? The second generation must ask a harder question: are we designing capital that actually fits?

The women entrepreneurs interviewed for this paper are not waiting for the field to catch up. They are processing macadamia nuts in solar-powered factories, delivering fish from informal women's savings groups, building insect protein companies, and generating clean energy from agricultural waste. They are executing, often on a fraction of the capital their male peers receive, while carrying the additional weight of unpaid care, discriminatory collateral requirements and network exclusion.

The capital is not absent. The commitment is not absent. What is missing is the alignment: between instruments and needs, between accountability and resourcing, between gender-lens branding and gender-lens substance. What's more, we still see bias among investment teams when evaluating female-founded and female-led enterprises.

Closing that gap is the defining challenge, and the defining opportunity, for gender-lens investing in Africa in the years ahead. We must listen more closely to women entrepreneurs and shape the right financial products together – this is why this paper highlights their voices.

We invite partners and gender-lens investors to join us in advancing a new phase of impact investing – one that moves beyond replicating conventional venture capital models and instead prioritises equity, shared value, and long-term resilience.

EXECUTIVE SUMMARY

Africa presents a profound paradox at the intersection of gender and capital. Women account for more than half of the continent's self-employed population and contribute to 13% of continental GDP (Dushime, 2025), yet female-only founding teams captured just 1% of total African venture capital in 2025, despite representing 7% of venture deals (AVCA, 2026b).

The field of gender-lens investing has grown to address this gap: there are currently 471 gender lens funds from 276 different fund managers tracked by Phenix Capital's Impact Funds Database, a growth of more than 200% in the last decade (Phenix Capital Group, 2024). A 2024 survey by 2X Global and Sagana identified 273 gender-focused funds in private markets globally, managing a minimum of $7.9 billion in assets, more than 30% growth since 2021 (2X Global & Sagana, 2024).

But despite this surge in gender-labelled capital, this white paper finds that Africa's gender-lens investing ecosystem remains structurally misaligned: gender capital is deployed through instruments and criteria that do not shift women's ownership, control or access to the missing middle of the capital stack.

This paper moves beyond desk-based analysis. We carried out a mapping of 85 gender-lens investment funds currently active across Africa with fund sizes ranging from under $10 million to over $7 billion. Building on OPES-LCEF's field practice, and through interviews with 29 women entrepreneurs, fund managers and gender-lens experts, we capture the lived experience behind aggregate statistics, investment practices and structural barriers.

The central argument is that meeting existing gender-lens standards, such as the 2X Criteria, is a necessary floor but not an adequate ceiling. While these frameworks have been instrumental in advancing gender inclusion, in our opinion, they allow investments to qualify without necessarily shifting ownership or control.

To realise the full economic and social potential of African women's entrepreneurship, gender-lens investing must evolve from counting women as employees or end-users towards strengthening women's ownership, governance power and access to well-designed capital along the entire value chain.

KEY FINDINGS

Women and mixed-gender teams outperform, but receive less and later

Data from African private capital portfolios show that companies with female CEOs recorded average revenue growth of 32% in 2023–2024, compared with 14% for male-led firms; female-founded and mixed-gender teams also generate more revenue per dollar invested, yet they consistently receive smaller tickets and make up a fraction of later-stage deals (AVCA, 2026a).

The 'missing middle' is both a size and design problem

Many women-led enterprises (like many impact start-ups) in Africa continue to face a persistent "missing middle" in financing: they are too large for microfinance, yet remain underserved by conventional venture capital and commercial lending structures. This gap reflects not only insufficient capital availability, but also the limited range of financial instruments aligned with the operational realities of women-led enterprises and the additional barriers that they may face compared with their male counterparts. Linked with this, the post-2022 contraction in African venture capital has concentrated larger cheques into fewer "safe bets", reinforcing network-driven selection and risk-averse behaviour that disproportionately rations capital to women founders. As this paper emphasises, capital is most effective when combined with technical assistance that strengthens governance, financial systems, operational capacity and market access.

A gender-lens on the label doesn't automatically build trust

Entrepreneurs distinguish between funds that market themselves as gender-lens investors and funds whose practices are genuinely aligned with their realities. Several founders that we interviewed described encounters with gender-labelled funds that ultimately replicated many of the same constraints associated with mainstream venture capital. In these cases, the gender lens was often perceived as additional branding layered on to conventional investment models rather than as a meaningful redesign of capital allocation practices.

Gender-lens investing strategies focused on women as customers, employees or supply chain participants are widespread but do not shift power

Many existing frameworks allow investments to qualify as "gender lens" without meaningfully shifting ownership, governance power or control of productive assets to women. This tension raises a central question for the future of gender-lens investing in Africa: is gender inclusion alone sufficient, or must ownership and capital control become more central to how gender impact is defined and measured?

Gender-lens investing strategies centred on ownership are rare but transformative

Only a minority of the gender-lens funds that we mapped (7 out of 85) require majority women ownership or co-founder status as a non-negotiable condition for investment, yet our interviewees consistently linked such mandates to deeper shifts in power, wealth-building and accountability.

WHAT THIS PAPER DELIVERS

This paper maps, analyses and draws conclusions across four areas:

The gap: the scale and nature of women's exclusion from risk capital in Africa, including the missing middle, the ownership illusion and the effect of funding winters on gender equity.

The market: how gender-lens investors are currently structured, what instruments they deploy, and how their strategies align, or don't, with what women entrepreneurs actually need.

The evidence: patterns from the investor mapping and field interviews, showing where capital is well-designed and where it falls short.

The way forward: concrete recommendations for fund managers, DFIs and ecosystem builders, grounded in field evidence and illustrated with case examples.

Note: The four enterprises featured as 'Voices from the Field' in this paper – Exotic EPZ, Bottle Logistics, Ecodudu and Rio Fish – are all investees of OPES-LCEF.

EXOTIC EPZ

SECTOR: Sustainable agriculture, macadamia nut processing
LOCATION: Nairobi, Kenya
INTERVIEWED FOUNDER: Jane Maigua
FOUNDING YEAR: 2017

KEY INSIGHT

For women-led agri-businesses, the challenge is often not only raising capital, but finding capital that fits long production cycles, collateral constraints, and the realities of scaling in a volatile value chain.





BUSINESS MODEL AND ORIGIN

Exotic EPZ is a women-founded macadamia nut processing business in Kenya, built at the intersection of export manufacturing, job creation and agricultural value-chain upgrading. The three founders' motivation did not come from a single trigger, but from the convergence of professional experience and personal history. After years of working in development and women's economic empowerment, they wanted to build something more durable than short-term project cycles.

As one of the founders, Jane Maigua, put it: *"I wanted something more challenging… I wanted to practise what I preach."* Her ambition was not simply to start a business, but to create a formal enterprise that could generate decent jobs and address structural bottlenecks in agricultural markets. Coming from a rural farming background, she had seen these constraints first-hand: *"I was brought up by peasant farmers, so I saw their struggles… I wanted to address that."*

Macadamia processing emerged as the chosen entry point after a broader search across several agricultural sectors. The opportunity was attractive not only because of international demand, but also because Kenyan regulation required local processing before export, creating space for domestic value addition.

COLLATERAL BARRIERS AND THE PATH AROUND THEM

The founders' financing journey illustrates one of the clearest structural barriers identified throughout this research: collateral. Traditional bank financing was the first route explored, but it quickly ran into the familiar requirement for titled property, in Jane's words: *"The business plan is good… bring property."*

That was where the process stalled. As a married woman, access to assets was shaped not only by formal ownership, but by household dynamics and social norms. She described the experience directly: *"Married women… assets together, joint. That's our culture."* When her father offered title deeds to help, the plan collapsed after her husband objected.

What followed was not a clean financing round, but a patchwork of improvisation: personal savings, friends and family funding, and eventually the acquisition of distressed assets from a closing processor. Even this route required navigating rent arrears, lease negotiations, and scepticism from gatekeepers. Recalling one meeting with a landlord, she said the interaction *"traumatised me for life"*, describing the immediate questioning of her credibility and capacity as a woman trying to take over an industrial site.

The business was ultimately unlocked through an exclusive supply agreement that provided upfront capital in exchange for below-market pricing and exclusivity. It enabled production, but at significant cost and concentration risk. Jane later reflected that one of the hardest lessons from this period was the danger of depending too heavily on a single buyer. When the Covid-19 pandemic disrupted demand, the company was left with inventory, loan obligations and an urgent need to diversify markets.

TECHNICAL ASSISTANCE AS PRACTICAL VALUE

Like several other founders interviewed for this paper, Jane described technical assistance not as a peripheral benefit, but as a meaningful part of what makes investor capital valuable. What mattered was not generic training, but support tied directly to operational priorities.

She highlighted energy audits, HR systems, performance management and market access support as concrete examples. On the energy side, investor-supported technical assistance helped the company better understand one of its biggest cost drivers: *"Electricity is one runaway cost, potentially… when [an energy audit] is good, it can help you identify how to continue work on the environmental goals."* That support contributed to practical changes, including solar installation and equipment upgrades.

This is consistent with one of the broader conclusions of the paper: technical assistance creates the most value when it is embedded in business operations and linked to actual decision-making, not delivered as a separate compliance exercise.



GENDER EQUITY INSIDE THE BUSINESS

Exotic EPZ is also a useful case because it shows gender-lens thinking operating not only at the level of founder identity, but inside the business itself. Jane drew a clear distinction between equality and equity, arguing that women in the workplace often face additional burdens that standard workplace design ignores.

As she put it, *"It's not about equality. Equity."* She described being intentional about issues such as lactation support, menstrual health and scheduling realities for women workers not as charitable add-ons, but as practical responses to how work and care responsibilities actually intersect.

Importantly, she also linked these practices to business performance: *"It pays back. I have watched the productivity. I've watched the retention. I've watched the quality."* In this sense, the case reinforces a core argument of this paper: gender-smart operational design is not separate from commercial logic; it can strengthen it.

CAPITAL PREFERENCES AND INVESTOR FIT

Jane's current perspective on financing is pragmatic rather than ideological. She is open to equity, redeemable structures, revenue-based finance, and trade finance, but repeatedly returns to the idea that no single instrument is universally right. What matters is fit.

She described the question as fundamentally negotiable: *"It doesn't have to be one."* For larger growth ambitions, she sees the likely need for a combination of instruments rather than a single financing tool. At the same time, she remains attentive to alignment: *"The one that you're giving the equity needs to be really aligned."*

That alignment includes mission, timing and sector understanding. One example she gave was the mismatch between investor repayment expectations and agricultural timelines: *"Macadamia trees… yield in five years. But you want to be paid next [year]."* This is a concise expression of a much wider problem explored throughout this paper: capital structures are often imported from other contexts without being adapted to the biology, seasonality and working-capital realities of African agribusiness.



KEY TAKEAWAY

Exotic EPZ illustrates how women-led businesses can build viable, growth-oriented enterprises even under severe structural constraints, but often only through extraordinary persistence, improvisation, and personal risk.

The case highlights three broader lessons. First, collateral requirements remain a major exclusion mechanism, especially where women's access to titled assets is mediated by family and marital structures. Second, technical assistance can be genuinely valuable when it is practical and linked to operating realities. Third, financing fit matters more than financing labels: agri-processing businesses need instruments and investor expectations that reflect long timelines, uneven shocks and the realities of value-chain growth.

Rather than showing a founder excluded from capital altogether, Exotic EPZ shows something more revealing: a founder who found ways around the system, but at a cost that better-designed gender-lens investing should be trying to reduce.

WHY THIS PAPER, WHY NOW

Gender-lens investing has grown from a niche development-finance concept into a mainstream market category. There are currently 471 gender lens funds from 276 different fund managers tracked by Phenix Capital's Impact Funds Database, a growth of more than 200% in the last decade (Phenix Capital Group, 2024). A 2024 survey by 2X Global and Sagana identified 273 gender-focused funds in private markets globally, managing a minimum of $7.9 billion in assets, more than 30% growth since 2021, with an emerging market estimated to reach $13.6 billion when undisclosed funds are included (2X Global & Sagana, 2024). An increasing share of that capital is targeting Africa and other emerging markets.

Behind those headlines, however, a more uncomfortable picture is emerging. More capital is claiming a gender lens, but it is not clear that more of it is actually reaching women as owners, decision-makers and wealth-builders.

In 2024, startups with female CEOs in Africa attracted just **$48 million, or 2% of total startup funding**, compared with nearly $2.2 billion for startups led by male CEOs. This was the lowest share recorded since *Africa: The Big Deal* (Cuvellier Giacomelli, M., 2026) began tracking the data in 2019.

Looking at the gender composition of founding teams, the picture is similar. In 2025, women-only founding teams received just **0.9% ($28.8 million)** of the $3.2 billion invested in African startups, while mixed-gender teams received **8% ($256 million)** and male-only teams **91% ($2.9 billion)** (AVCA, 2026b).

This represents little progress from **2021**, when women-only founding teams received less than 1% of funding, gender-diverse teams 18%, and male-only teams 81%. Four years later, the share going to women-only teams remained below 1%, while the share going to gender-diverse teams had fallen to 8%.

In absolute terms, however, funding to **women-only founding teams** increased from **$21 million in 2024 to $28.8 million in 2025**, a 37% increase. At the same time, startups with **at least one woman founder** attracted **$275 million in 2025, up 81% from $152 million in 2024**.

These figures show that more capital is reaching ventures with women founders, but this growth has not translated into a larger share of the overall African startup funding market.

Despite growing attention to gender-lens investing, women-led and women-founded ventures continue to receive only a very small share of Africa's start-up capital.

This paper examines that gap. Drawing on our original mapping of gender-lens investors active across Africa which identified 85 gender-lens investment funds currently active across African markets, as well as direct conversations with women entrepreneurs, fund managers and ecosystem experts, it asks a practical question: where is gender-lens capital well matched to African market realities – and where is it structurally misaligned?

The African case

Africa presents a compelling context for examining gender-lens investing due to the scale and persistence of gender-based economic disparities, alongside the continent's growing entrepreneurial dynamism. Women-led enterprises are a significant driver of economic activity across African markets, particularly in entrepreneurship and small and medium-sized businesses, yet they continue to face persistent barriers to accessing risk capital, assets, networks and formal financing channels.

Of the funds featuring in the 2X Global & Sagana research (2X Global & Sagana, 2024), 43% identify Sub-Saharan Africa as a target investment geography, indicating that a significant pool of gender-labelled capital now has African exposure,

even if the precise share ultimately deployed into African portfolio companies remains difficult to quantify.

The disparities in women's access to capital are not only social or equity concerns; they also reflect structural market inefficiencies. Capital allocation patterns that systematically underfinance women-led or women-intensive enterprises can distort firm-level risk assessment, suppress productivity, and constrain broader market growth. As Part II shows, African women stand at the frontier of entrepreneurial activity but capture only a marginal share of growth capital, indicating a mispricing of both risk and opportunity.

Gender-lens investing has emerged as one response to these dynamics. However, the scale and trajectory of gender-lens capital allocation, particularly in African markets, remain uneven and only partially documented. Available evidence nonetheless suggests a significant and increasing mobilisation of gender-focused capital over the past decade. The 2X Challenge, an initiative to build the field of gender-lens investing which launched in 2018, has to date mobilised more than **$34 billion globally**.

Africa has been an important regional focus: in 2021–22, Sub-Saharan Africa was the second-largest regional recipient of investments by participating investors in the 2X Challenge (according to the number of deals). Rather than isolated pilot projects, this capital has been mobilised primarily through development finance institutions such as the International Finance Corporation, British International Investment, and Proparco, reflecting a shift from fragmented, donor-led initiatives towards more institutionalised investment approaches.

While these figures remain modest relative to total capital flows into African markets, they mark a structural inflection point. Prior to the late 2010s, gender-lens investing activity in Africa was largely limited in scale and characterised by pilot programmes or niche funds. Since then, the introduction of standardised frameworks, most notably the 2X Criteria (explained in more detail later in this paper), has enabled the integration of gender considerations into mainstream investment processes. This has coincided with a broader expansion of impact investing globally, as well as increased recognition of gender equality as a material factor in financial performance and risk assessment.

By explicitly integrating gender considerations into investment strategy, gender-lens investing seeks to address underlying market failures, such as collateral constraints, biased investment risk perceptions, and exclusion from formal financial systems, while mobilising private and public capital towards more inclusive economic outcomes. In principle, gender-lens investing offers investors three potential sources of value: access to underserved customer segments and markets; a broader and more diverse pipeline of investable enterprises; and improved risk management through greater attention to human capital, governance structures and social legitimacy.

> *To what extent are global gender-lens investing frameworks being meaningfully adapted to African realities, and where do they fall short?*

At the same time, African markets are characterised by substantial heterogeneity. Legal systems, cultural norms, sector composition and capital-market maturity vary widely across regions and countries. This diversity complicates the direct transfer of gender-lens frameworks developed in more mature markets. In particular, the prevalence of informality, thinner financial markets and overlapping inequalities related to gender, class and geography raise important questions about the applicability and effectiveness of standard gender-lens investing approaches.

This context motivates a central question for this paper: to what extent are global gender-lens investing frameworks being meaningfully adapted to African realities, and where do they fall short? Understanding this dynamic is critical not only for assessing the developmental impact of gender-lens investing, but also for evaluating its effectiveness as an investment strategy within structurally constrained and institutionally diverse markets.

DEFINING GENDER-LENS INVESTING

Gender-lens investing represents a structural evolution in the broader financial landscape, encompassing not only development finance but a diverse set of investment practices that integrate gender analysis into investment decision-making, resource allocation, and systems change across asset classes and geographies.

At its core, gender-lens investing is the **intentional integration of gender considerations** into investment decisions and capital allocation. Depending on the approach, it can address gender gaps within investment processes and portfolios, or seek to dismantle entrenched inequities and address structural inequalities embedded in markets and financial systems. In doing so, gender-lens investing could act as a catalyst for more resilient economic growth and contribute to lasting systemic change.

A common misconception conflates gender-lens investing with "investing in women" – a narrower practice focused primarily on funding businesses owned or led by women. While women's entrepreneurship is an important element of gender-lens investing, the distinction matters fundamentally. "Investing in women" concentrates on a single point in the market: identifying and capitalising women-led ventures. Gender-lens investing, by contrast, interrogates how gendered power relations shape entire markets – from who becomes visible in deal flow, to who controls assets and decision-making, to how products and services affect women and men differently across value chains.

At its core, gender-lens investing examines how privilege, norms and biases influence capital allocation, risk perception, value-chain relationships and corporate governance. The unit of analysis is not only the founder, but also employees, consumers, suppliers, communities, the institutions that regulate and finance them, and the asset allocators whose decisions shape capital allocation across markets. This systems perspective matters in African markets where gender intersects with class, location, ethnicity and migration status, creating layered forms of exclusion that a simple "female-founder" lens cannot capture.

This debate was directly surfaced in our field interviews. One investor argued that focusing exclusively on female founders was "too short-sighted".

"I think it's very difficult to say you're just a gender-lens investor. If you're focusing on the underserved demographic, you will have to have a gender lens. It goes without saying that you must then have a refugee lens, a climate lens. Women are underserved, below that are refugees, people at the bottom of the pyramid."

Andia Chakava, Managing Partner of Afrishela Fund, took a contrasting position: "*We are gender-first. If you're not woman-owned, woman-led, we can't even look at you.*"

The discussion about gender-lens investing intersects with:

1. **Sectoral biases**
   As an example, we can give the tendency to favour fintech over health or agriculture, where many woman entrepreneurs are concentrated.
2. **Relationship structures**
   How "like-to-like" or affinity bias in investor networks – often described in the literature as homophily – means capital tends to flow along existing social, professional and geographic ties, excluding founders who do not look, sound or network like the dominant investor group.
3. **Institutional practices**
   Collateral requirements, legal frameworks and product design that systematically disadvantage founders without titled assets, international networks or the capacity to navigate complex processes, all of which disproportionally affect woman.

Gendered exclusion also operates through networks and visibility structures within entrepreneurial ecosystems. Because venture capital markets are highly relationship-driven, access to investors is often mediated through existing social, educational and professional

networks rather than open market mechanisms. In practice, this can reproduce patterns of exclusion when founders outside dominant investor circles have fewer opportunities to access capital, mentorship and strategic visibility. Section 4.2 examines these dynamics in greater detail.

By taking a broader view, gender-lens investors can identify where gender dynamics interact with other sources of market failure to suppress returns, constrain innovation and limit inclusive growth.

From a systems perspective, this means that even highly capable women founders can be filtered out long before their business fundamentals are assessed. They are more likely to build in under-funded sectors, less likely to be embedded in the right networks, and face higher hurdles when they do access debt or equity, for example, because land or property is registered in a husband's or family member's name.

> *It's difficult to say you're just a gender-lens investor. If you're focusing on the underserved demographic, you will have to have a gender lens. It goes without saying that you must then have a refugee lens, a climate lens*

Addressing the gender funding gap in Africa therefore requires interventions at all three levels at once:

- diversifying sectors that receive risk capital: moving beyond fintech and enterprise software towards agribusiness, healthcare and clean energy, where women-led enterprises are disproportionally concentrated;
- redesigning networks and sourcing practices so that capital reaches beyond the same accelerator cohorts and warm-introduction circles that systematically filter out woman founders; and
- reshaping financial and legal products to eliminate collateral tied to male-held land titles, spousal consent clauses, and exit timelines incompatible with the longer payback cycles of woman-led business in asset-intensive sectors.

Gender-lens investing as a disciplined investment practice

Gender-lens investing is a disciplined investment approach grounded in financial and strategic logic. It is not motivated by charity, but by the recognition that gender-based market failures suppress both financial returns and broader economic growth – by misallocating capital, leaving high-performing entrepreneurs underfunded, and shrinking the pool of viable investable business. The investment case rests on three premises:

1. **Information asymmetries and bias distort risk assessment**
   Women-led firms are frequently perceived as riskier or "too niche" even when their fundamentals are as strong as, or stronger than, male-led peers, which leads to systematic under-pricing of their performance (Giesler, H. 2018). Yet data from AVCA – drawing on 2018 private capital investors and 1,972 portfolio companies across the continent – tell a different story: portfolio companies with female CEOs recorded average revenue growth of 32% in 2023–2024, compared to 14% for male-led firms, and female-founded companies employed a 52% female workforce on average versus 30% in male-founded firms (AVCA, 2026a). This misalignment between perception and performance highlights an investment opportunity: investors able to look past ingrained bias and engage with under-researched segments can broaden their investment universe, accessing a pool of well-performing businesses that the broader market continues to underfund.

2. **Capital market access is fragmented along gender lines**
   Entire segments of founder talent and enterprise activity remain effectively invisible to institutional investors because deal flow is filtered through homogeneous networks and narrow sector theses. Within the African tech ecosystem, for example, research covering 3,331 startups found that just over **19% had at least one female co-founder and a little over 12% had a female CEO** – both these

figures had risen on previous years' research. However, funding raised by startups with female CEOs or co-founders has actually been declining, with the latest figures for 2026 collated by the researchers pointing to just 7.1% of capital allocated going to startups with a woman co-founder and 2.8% to those led by women. (Disrupt Africa, 2026).
Across broader private capital markets, the picture is similarly skewed: AVCA found that only **5% of private capital-backed companies are female-founded and 11% are female-led**. The composition of investment decision-making teams matters decisively: among female-dominated investment committees (≥75% women), **48% of portfolio companies are women-led, compared with just 8% among male-dominated peers**, underscoring how today's capital allocation patterns are shaped directly by who sits around the decision-making table (AVCA, 2026a).

3. **Gender-related frictions in operations, supply chains and markets create quantifiable costs – and investable solutions.** Firms that ignore gender dynamics face higher staff turnover, weaker customer insight, and reputational risk, while leaving large consumer segments under-served: companies in the top quartile for gender diversity are 39% more likely to outperform their peers in the fourth quartile on profitability (Hunt, V., et al, 2023). Conversely, evidence from African private capital and lending initiatives shows that companies and lenders which intentionally design for women – as employees, suppliers, borrowers, and end-users – can expand addressable markets, improve loan performance, and unlock faster growth. Closing gender gaps in earnings and economic participation is estimated to add substantial percentage points to GDP per capita in Sub-Saharan Africa, meaning that strategies which improve women's economic agency are directly aligned with long-term growth in portfolio value.

Our field interviews underscored that gender-lens investing often struggles to be recognised as disciplined investing rather than soft, philanthropic capital. As one professional from the VC community remarked: *"People need to believe that they're doing it for investment and for return – not just as a charity. That mentality has to be there."*

A female partner at VC firm noted that some gender-lens fund structures paradoxically create more barriers than they remove: *"To apply to our gender fund, you need to meet these criteria – and we see this as a higher-risk group, so the due-diligence requirements increase. But do you think women are a higher-risk group? Actually, I don't."*

These comments highlight a central risk: if gender is treated as a vulnerability rather than an information advantage, gender-lens investing can reinforce rather than correct biased perceptions of risk.

> *Gender-lens investing is not motivated by charity, but by the recognition that gender-based market failures suppress both financial returns and broader economic growth*

Core analytical frameworks: the 2X Criteria and gender equality spectrum

To operationalise gender analysis across diverse investments, gender-lens investing relies on recognised frameworks. The 2X Criteria, developed by the 2X Challenge, provide a standardised approach to identifying and measuring gender impact across six key dimensions, alongside mandatory baseline governance and ESG requirements, including safeguarding. Under the 2024 update to the 2X Criteria, thresholds for Leadership and Employment are country- and sector-specific.

An investment must meet at least one of the six criteria and make a time-bound commitment to meeting an additional criterion.

THE 2X CRITERIA

CRITERION	DEFINITION/ THRESHOLD
1. **Entrepreneurship & Ownership**	1A. Women's ownership: Women own at least 51% of the organisation. OR 1B. Women founders: At least 50% of the founders are women, and the female founder(s) retain an active role in the organisation.
2. **Leadership**	2A: Women represent at least 35% of senior management in Kenya, with applicable thresholds for the other East African countries and sectors. OR 2B: Women represent at least 35% of Board representation in Kenya, with applicable thresholds for the other East African countries and sectors. NB: For both KPIs 30% is the global minimum.
3. **Employment**	Women represent at least 25% of the workforce, subject to a higher country- and sector-specific threshold, plus at least one quality-employment measure beyond legal compliance.* * Examples include equal pay, parental leave, flexible working arrangements, childcare or transport support, prevention of harassment and discrimination, training and career development, or occupational health and safety.
4. **Supply Chain**	Commitment to increasing women's participation and economic opportunities in the supply chain, supported by at least one measurable action.* * Examples include procurement from women-owned businesses, supplier development and training, access to finance, or measures to remove barriers for women suppliers.
5. **Products & Services**	Products or services that specifically or disproportionately benefit women and/or contribute to gender equality, such as improving women's access to healthcare, financial services, education, technology, energy, transport, safety, childcare, or other essential goods and services.
6. **Portfolio**	A defined proportion of investments must meet the 2X Criteria. Exact thresholds depend on fund type and methodology.

***Please note**: The thresholds presented in this table are indicative for East Africa and intended to provide an overview of the framework. The applicable 2X threshold should be verified using the relevant 2X Criteria tools and guidance.*

Based on the 2021 version of the 2X Criteria, 87% of gender-lens funds committed to increasing investment in women as entrepreneurs, 83% focused on boosting women in executive positions, and 78% targeted enhanced female workforce participation. Only 32% combined three or more of these objectives simultaneously, suggesting that multi-dimensional integration remains a minority (2X Global & Sagana, 2024).

The 2X Criteria have been instrumental in standardising gender analysis across development finance institutions and private investors. They created a common language for measuring gender inclusion and significantly accelerated the mobilisation of gender-tagged capital globally. However, the framework also contains an important structural limitation, particularly in African markets: investments can fully satisfy 2X qualification thresholds without materially shifting ownership, control or long-term wealth creation towards women.

> *Representation and ownership do not produce equivalent economic outcomes...in this market this distinction becomes particularly significant*

This paper refers to this tension as the "**ownership illusion**": a condition in which capital is classified as gender-lens investment because women participate in the workforce, leadership structure or consumer base of a company, while ownership of productive assets and strategic decision-making power remain predominantly male-controlled.

The distinction matters because representation and ownership do not produce equivalent economic outcomes. Employment and consumer inclusion may improve access and participation, but ownership determines who accumulates assets, captures enterprise value, controls governance decisions and retains long-term wealth. In markets characterised by structural inequalities in land ownership, collateral access and financial power, this distinction becomes particularly significant.

The ownership illusion does not imply that end-user- or employment-focused strategies lack value. Rather, it highlights a structural trade-off within current gender-lens investing practice between scalable inclusion and transformative shifts in economic power.

Gender-lens investing across the value chain: from scouting to impact

Gender-lens investing examines gender dynamics not just at the moment of investment, but throughout the entire value-creation process. This includes **sourcing and pipeline development, due diligence, and capital allocation**, which may be influenced by the structure, practices and gender balance of the asset management company itself, as well as **governance design, employment practices, consumer reach, supply chain relationships** which are shaped by the company's strategy and operations, through to eventual exit.

This value-chain perspective is what distinguishes a genuine gender-lens strategy from a gender-labelled one. The limitation identified earlier – that a company can be 2X-compliant without meaningful shifts in ownership or control – becomes most visible when gender is treated as a one-off screening criterion rather than an ongoing governance question. A fund may satisfy gender qualification standards at entry while still reproducing unequal power dynamics through board structures, investor rights, reporting systems, or exit expectations that gradually concentrate strategic control away from founders over time.

A genuinely gender-transformative approach therefore requires more than measuring representation at the moment of investment. It also requires examining how power is exercised within the investment relationship itself: who defines performance, who controls strategic decisions, whose risk tolerance shapes growth expectations, and whether women founders retain meaningful agency as companies scale.

At sourcing and pipeline development, gender dynamics determine who is even visible to investors. Male-dominated networks, pattern

recognition biases, and the concentration of deal flow in accelerator cohorts that are themselves skewed male mean that many high-performing women-led companies are screened out before any formal evaluation begins. A gender-intentional scouting strategy actively corrects for this, through women-focused accelerators, community-based pipeline development, and partnerships with ecosystem builders like Delta 40 or the Royal Academy of Engineering's Africa Prize, which several interviewees cited as examples of entry points into the funding system.

At due diligence, gender analysis should extend well beyond checking ownership percentages. It should ask: how are governance rights structured, and does the woman founder retain real veto power over mission-critical decisions even if she holds minority equity? Are term sheets drafted in clear, non-technical language and paired with accessible legal support, so that founders without in-house counsel can fully understand and negotiate the implications? As one entrepreneur reflected in their interview with us: *"Trust signals for me include transparent term sheets, not legal jargon with very big words, and a gender-focused strategy that actually translates into better-designed instruments for the women you're targeting."* Due diligence that ignores these questions produces gender-compliant paperwork, but not gender-transformative investment.

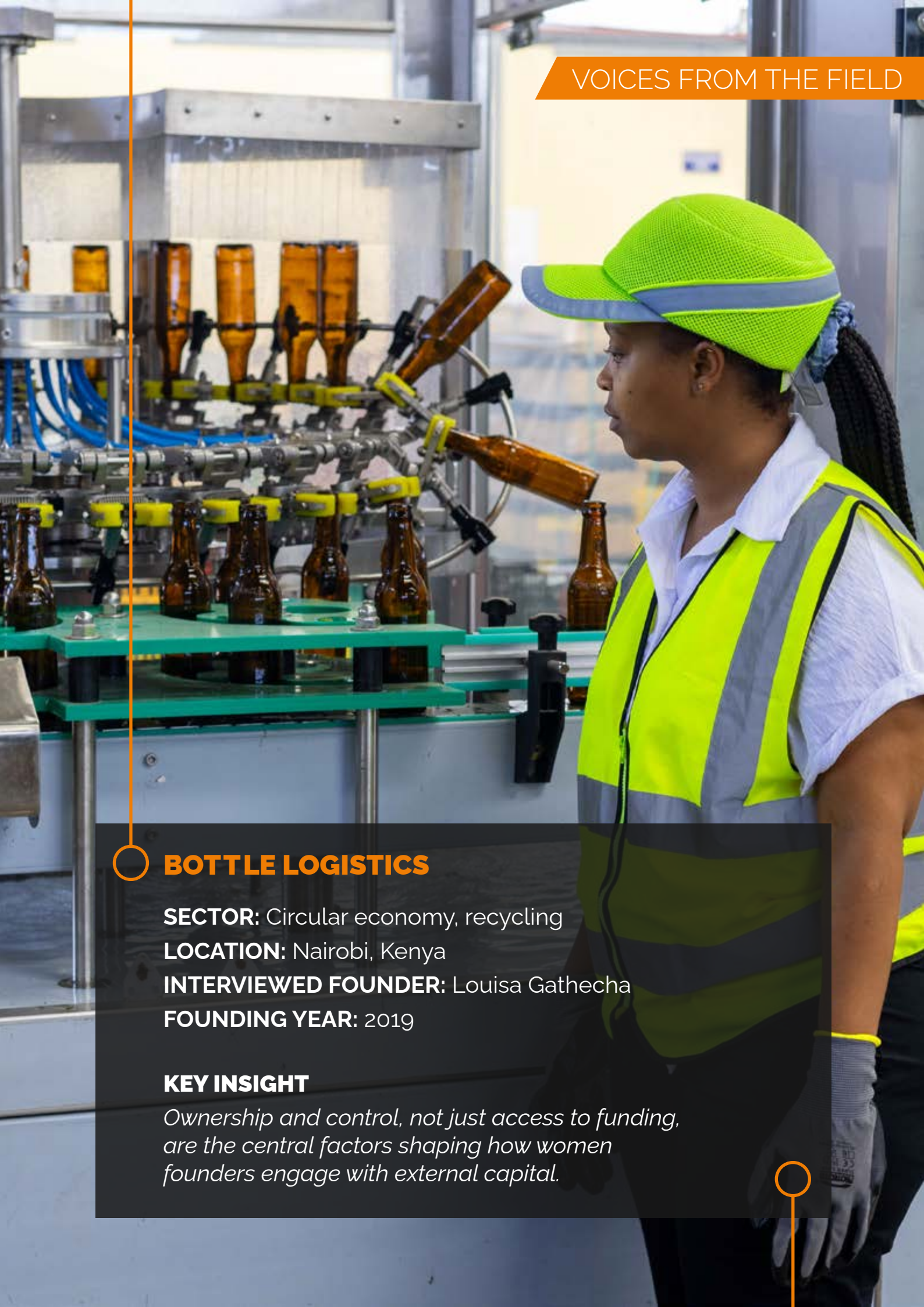
At the governance and post-investment stage, the value-chain lens is perhaps most consequential and most neglected. Once capital is deployed, the power dynamics between investor and founder become concrete. Board composition, voting rights, milestone definitions, and the framing of "performance" all shape whether a woman founder retains meaningful control or gradually loses it to investor preferences. Field interviews for this research surfaced a recurring pattern: women founders who entered agreements under conditions of severe information and bargaining asymmetry, then found themselves accountable for business plans funded at roughly half the capital required. Gender-lens investing at the governance stage means co-designing red lines at the term-sheet stage, building shared strategy roadmaps, and structuring accountability in proportion to resourcing, not just monitoring compliance metrics.

At exit, gender dynamics reassert themselves in often overlooked ways. Standard VC exit horizons of five to seven years are poorly matched to the capital-intensive, longer-payback businesses, such as agriculture, manufacturing and healthcare, where many women-led enterprises in Africa operate. An exit-driven fund that forces a sale at the seven-year mark may generate financial returns while undermining the mission, stakeholder relationships, and long-term strategic vision that founders – whether they are male or female – have spent years building. For mission-driven and community-embedded enterprises, the structure and timing of exit can therefore become as important as the initial investment itself.

> *The result of applying this value-chain lens is an investment approach that is neither purely financial nor purely developmental, but financially disciplined and developmentally informed*

In this context, patient exit mechanisms, including buybacks, secondary sales, and redemption features, are not simply financial preferences. They can function as governance tools that allow founders to retain greater long-term influence over the direction, ownership and value creation trajectory of their businesses.

The result of applying this value-chain lens is an investment approach that is neither purely financial nor purely developmental, but financially disciplined and developmentally informed – and, critically, one that distributes power more equitably at every stage rather than concentrating it at entry and extracting it at exit. This is the standard against which any fund claiming the gender-lens label should ultimately be measured and provides the conceptual bridge to the empirical mapping of investors and capital flows presented in Part II.



BOTTLE LOGISTICS

SECTOR: Circular economy, recycling
LOCATION: Nairobi, Kenya
INTERVIEWED FOUNDER: Louisa Gathecha
FOUNDING YEAR: 2019

KEY INSIGHT

Ownership and control, not just access to funding, are the central factors shaping how women founders engage with external capital.



BUSINESS MODEL AND GROWTH TRIGGER

Bottle Logistics operates in the glass recycling segment, focusing on post-industrial and post-consumer waste in a market where recycling infrastructure remains underdeveloped despite growing environmental awareness. The business emerged in response to a clear inefficiency in East Africa's circular economy: while plastic recycling systems were advancing, glass waste remained largely unaddressed.

The initial decision to raise external capital was driven by a classic growth constraint. As supply of recyclable glass increased, the company faced a production bottleneck that limited its ability to process materials at scale. Capital was therefore needed to expand facilities and automate processes to meet rising demand.

CAPITAL PREFERENCES AND CONTROL DYNAMICS

The founder's approach to capital is strongly shaped by prior experience. Having previously lost significant ownership in Bottle Logistics – which she later recovered, Louisa now prioritises instruments that preserve control and reduce exposure to external decision-making pressures.

"There's always fear of ownership dilution… I lost 50% shares in the company but later recovered it under difficult market conditions," she said.

This experience has led to a clear preference for redeemable equity and debt-like instruments over more conventional venture capital. While open to external funding, Louisa is cautious about equity structures that may compromise strategic autonomy.

Control over key decisions, particularly strategy, remains non-negotiable: *"Strategy… I would like to make decisions about the strategy of the company. The point is not that Bottle Logistics is unwilling to raise capital. It is that the structure of capital must fit the company's long-term plan. Patient debt, redeemable equity or a blended structure that limits dilution would allow the business to finance productive assets while preserving our ability to lead the regional expansion to Uganda and drive the new fibreglass production line innovation strategy."*

Louisa expressed a clear preference trade-off: in some cases, she would prioritise cheaper, less intrusive capital over more involved investors requiring greater equity or control. This reflects the delicate balance between value-added support and ownership dilution that many entrepreneurs must navigate.

This highlights a broader pattern observed across interviews: for many founders, especially in capital-intensive sectors, the question is not whether to raise capital, but under what conditions control can be preserved. In this case, good gender-lens investing means recognising that ownership protection is part of investment design, not evidence of limited ambition.

BEYOND CAPITAL: THE ROLE OF TECHNICAL ASSISTANCE

While cautious about equity investors, Louisa (pictured right) places high value on non-financial support. In particular, technical assistance and market access are seen as critical enablers of growth. *"For us… technical assistance… and market access."*

Bottle Logistics' next phase of growth rests on two interconnected pillars: regional expansion into Uganda, and developing a recycling pathway for flat glass, which is largely excluded from the current recycling system focused on bottles and jars.

Both require specialised technical support including adapting the company's operating model to new markets, and expertise (currently limited in the region) in flat glass recycling.



FUNDRAISING JOURNEY AND GENDER DYNAMICS

Louisa described the fundraising process as prolonged and highly demanding, particularly in the early years. For nearly three years, she faced repeated rejections and high expectations around traction and performance. *"For three years… it was really tough… there were a lot of expectations."*

A turning point came only once the business reached profitability, at which point investor interest increased significantly, reversing the dynamic from scarcity to selectivity.

The pitching process itself also required adaptation. Louisa noted that she was initially encouraged to adopt a more aggressive growth narrative: *"[They told me,] you're being too conservative… you have to think bigger."*

This reflects a broader pattern identified in the research: women founders may face pressure to adjust communication styles and risk framing in order to align with some male-led investor expectations, particularly in venture-style environments.



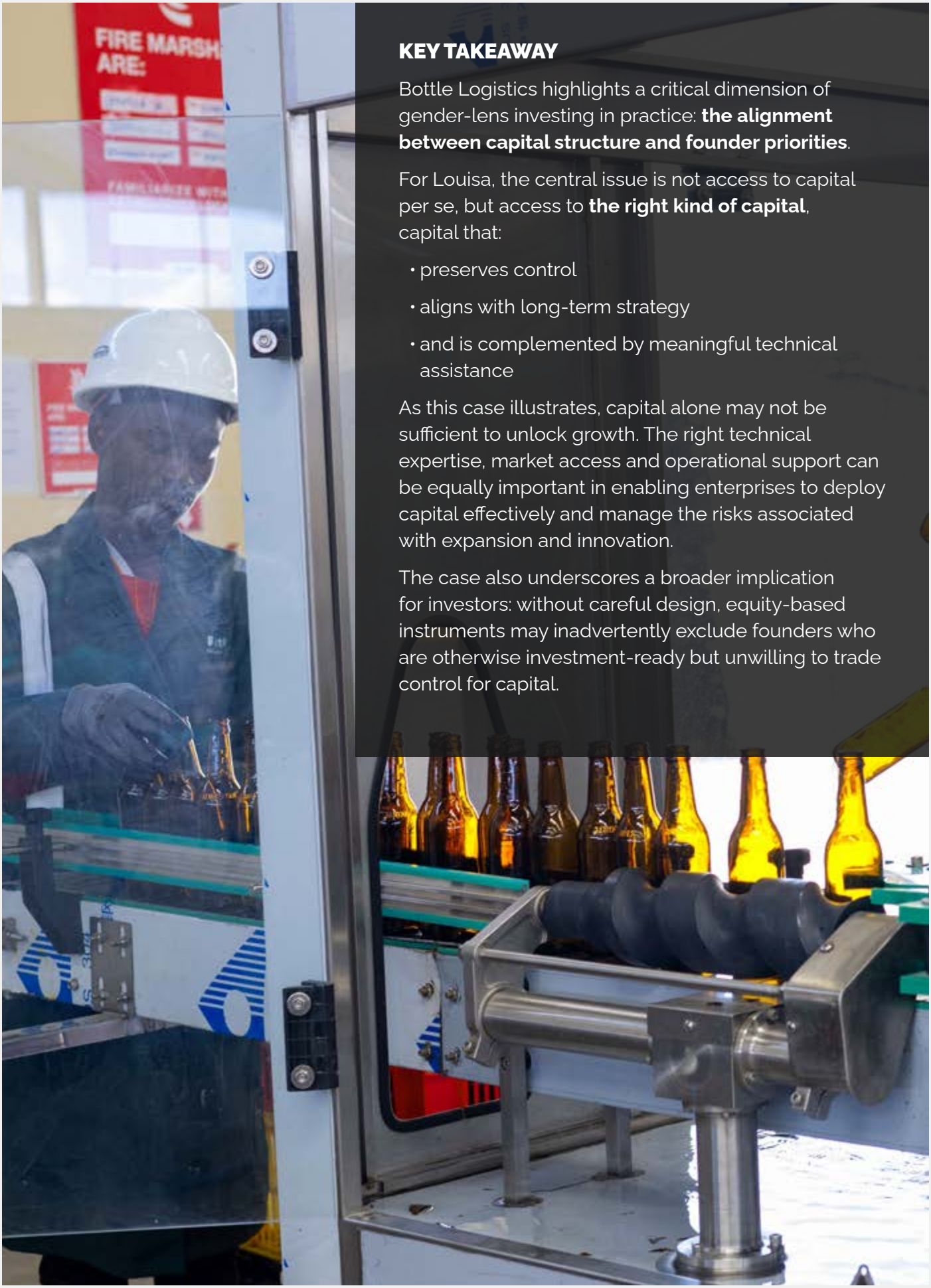
IMPACT, REPORTING AND OPERATIONAL TRADE-OFFS

The company engages with impact-oriented investors and views gender-lens and impact frameworks positively in principle. However, these come with operational implications.

Impact reporting requirements were initially resource-intensive, requiring the founder to dedicate significant time to data collection and reporting. Over time, this led to hiring a dedicated staff member to manage impact processes.

This illustrates a recurring tension: while impact frameworks can align with founder values, they may also introduce additional operational burdens if not appropriately resourced.





KEY TAKEAWAY

Bottle Logistics highlights a critical dimension of gender-lens investing in practice: **the alignment between capital structure and founder priorities**.

For Louisa, the central issue is not access to capital per se, but access to **the right kind of capital**, capital that:

- preserves control
- aligns with long-term strategy
- and is complemented by meaningful technical assistance

As this case illustrates, capital alone may not be sufficient to unlock growth. The right technical expertise, market access and operational support can be equally important in enabling enterprises to deploy capital effectively and manage the risks associated with expansion and innovation.

The case also underscores a broader implication for investors: without careful design, equity-based instruments may inadvertently exclude founders who are otherwise investment-ready but unwilling to trade control for capital.

THE GENDER PARADOX

High entrepreneurial activity but low investment volume

Africa exhibits one of the highest rates of female entrepreneurship globally, yet this dynamism remains systematically disconnected from growth-stage capital.

In low-income economies, many of them in Sub-Saharan Africa, 15.5% of women are engaged in early-stage entrepreneurial activity, compared with 9.2% in high-income countries (GEM, 2025a). Globally, one in ten women, compared with one in eight men, started new businesses in 2024 (GEM 2025b). Women constitute 58% of Africa's self-employed population and contribute 13% to continental GDP (Dushime, 2022), establishing them as the backbone of African economic activity.

Capital flows tell a very different story. In 2025, total African venture funding reached approximately **$3.9 billion** across **506 deals**, including about **$2.1 billion in equity** and **$1.8 billion in venture debt**. Yet gender disparities in access to capital remained pronounced. **Women-only founded** startups represented **7% of deals** but only **1% of capital deployed**. Companies with at least one female founder accounted for roughly 20% of both deal volume and dollars invested (AVCA, 2026b).

> *The issue is not simply that women receive less capital, but that the dominant forms of capital available are often poorly aligned with their needs*

The gap is also evident in deal size: the median VC deal for gender-diverse founding teams was $2.8 million, 31% below the continental median of $4.0 million, while female-only teams received a median of just $1.3 million – 68% below the market median (AVCA, 2026b).

Gender disparities in venture capital flows and why instruments matter

The gender gap in African finance is often discussed through headline VC numbers, but those numbers are only the visible expression of deeper structural problems:

- **Unequal access to venture capital**, even when woman-led businesses meet or exceed the performance bar.
- **Instrument misalignment:** even when capital is available, its structure – including investment terms, exit timelines, collateral requirements and warranties – is frequently unsuited to the sectors and business models in which woman-led enterprises are concentrated. Limited access to formal property titles and other collateral further constrains their ability to meet financing requirements.
- **Thin market for alternative financial instruments:** patient debt, quasi-equity and revenue-based financing would better match the needs of early-stage woman-led SMEs.

Our field interviews corroborate the pattern: women founders repeatedly described raising smaller rounds, entering later in the capital ladder, and struggling to access follow-on capital even after demonstrating commercial traction. At the same time, standard VC instruments – convertible notes, SAFEs and common equity structures – were largely transplanted from Silicon Valley and rarely adapted to women-led enterprises operating in asset-light but working-capital-intensive sectors, in business models with longer payback periods or in countries and settings where the distribution of wealth, property ownership and formal asset titles is highly uneven.

Importantly, many women entrepreneurs interviewed for this research do not see pure

equity as the right tool for their businesses at all. The challenge with standard VC equity is structural: early-stage founders, particularly those less familiar or comfortable with valuation negotiations, or not presenting inflated growth plans, may enter equity deals at low valuations, giving up large ownership stakes at precisely the moment when their businesses are most undervalued. Beyond dilution, equity structures typically transfer significant decision-making authority to investors, including board seats, veto rights and influence over exit timing, creating a misalignment with founders who have built mission-driven businesses over years and want to stay at the helm of their ventures. These dynamics suggest that gender disparities in venture capital are not only allocation problems, but also instrument-design problems. The issue is not simply that women receive less capital, but that the dominant forms of capital available are often poorly aligned with the sectors, timelines, and cash-flow structures in which many women-led enterprises operate as well as with the or expectations of female entrepreneurs themselves.

The "missing middle" and ticket-size compression

A persistent structural feature of African finance is the so-called "missing middle": a gap in appropriate capital for small and medium-sized enterprises that are too large for microfinance but insufficiently scaled or de-risked for commercial bank lending or institutional investment. Across sub-Saharan Africa, this financing gap is substantial, with estimates placing the SME funding shortfall at approximately $331 billion (UNCDF, 2025). It's worth noting that women own more than 40% of SMEs in Africa (IFC, 2023), and many women entrepreneurs operate in the informal sector.

Recent AVCA data (ACVA, 2026b) shows that among African VC markets, growth of venture capital deployment expanded in 2025 relating to deals of between US$10 million and US$20 million, while there was less activity in the under $5 million range – where many women-led SMEs need capital to formalise operations, build management depth and reach the scale and stability that mainstream lenders. At the same time, the median deal size for female-only founders was US$1.3 million, which is 68% lower than the median deal value for the continent.

> *There's about a million dollars that I need to complete project development, etc. Nobody writes a ticket for this... I paid for under-capitalisation with my health, with my family*

Our field interviews put a human face on this structural pattern. One entrepreneur described the project-development gap that standard instruments fail to address. She explained that she had secured a large project financing, but she added there was still something missing. *"There's about a million dollars that I need to complete project development, third-party engineering validation, legal structure verification, etc. Nobody writes a ticket for this… I paid for under-capitalisation with my health. I paid for it with my family."*

Similar stories emerged from agribusiness, health, and circular-economy founders, who described raising partial rounds that funded less than the capital plan required, then being held fully accountable for growth targets regardless.

Access to finance remains a major constraint for African SMEs. While earlier studies estimated the continent's SME financing gap at around $140 billion (African Development Bank Group, 2013), more recent assessments place the financing gap for SMEs in Sub-Saharan Africa at over $300 billion (Raia, 2024), highlighting the growing mismatch between demand for and supply of business financing. Women-owned businesses are disproportionately affected because they typically face greater obstacles in accessing collateral, providing warranties, formal financial services and investment networks. These constraints hinder their ability to scale, increase their dependence on limited early-stage funding, and reduce their prospects of attracting larger rounds of institutional capital.

As discussed elsewhere, the challenge is not only

insufficient capital availability, but also the limited range of instruments suited to the financing realities of women-led SMEs. The missing middle therefore reflects both a funding gap and a product-design gap within African capital markets.

Addressing the missing middle requires financing structures specifically designed around the realities of growth-stage SMEs rather than adapted from conventional venture capital and Silicon Valley models. These include instruments such as revenue-based financing, mezzanine debt, blended finance facilities, and other hybrid structures capable of supporting businesses with longer payback periods and uneven cash-flow cycles. In many cases, capital is most effective when combined with technical assistance that strengthens governance, financial systems, operational capacity and market access.

Evidence from African private capital markets suggests that such approaches can achieve commercially viable outcomes while reducing some of the structural constraints faced by women-led enterprises. Funds such as Alitheia IDF and Aruwa Capital illustrate how more flexible financing structures can operate in practice, particularly when paired with longer investment horizons and ownership-centred strategies. The following sections examine how these and other approaches are being deployed across the African gender-lens investing ecosystem.

Funding winters, risk perception, and gendered capital rationing

The dynamics described above have been intensified by the recent "funding winter" in African venture capital. Between 2022 and 2024, African venture capital activity experienced a pronounced contraction: deal value fell in 2024 by 28%, with total funding declining significantly while deal counts fell more moderately, indicating a shift towards fewer and more selective transactions. The trend was reversed in 2025, but is not yet in full recovery (AVCA, 2026b). Investors responded to global uncertainty and tighter liquidity by concentrating larger cheques into a smaller number of perceived "safe bets", typically later-stage companies, repeat founders, and sectors such as fintech and enterprise software. In theory, such a retrenchment should affect all founders; in practice, it has disproportionately tightened constraints for women-led and gender-diverse teams, especially at the seed and early-growth stages where they are most active.

Investors responded to global uncertainty and tighter liquidity by concentrating larger cheques into a smaller number of perceived 'safe bets'

Interviews across this research confirm a shift towards more conservative screening and slower decision-making that interacts with existing biases. Fund managers described a stronger preference for "known quantities", founders already within investor networks, with prior exits or endorsements from recognised backers, criteria that systematically favour male founders embedded in established ecosystems.

Women founders reported longer fundraising cycles, more extensive due-diligence demands, and a higher burden of proof to demonstrate "scalability" and "ambition" relative to male peers at similar stages. Several interviewees also observed that gender-lens mandates did not necessarily protect women from this rationing; in some cases, they added layers of conditionality that made capital even harder to access.

The mechanism is not simply that women receive fewer "yeses", but that they receive more constrained "yeses". Across interviews, three recurring patterns emerged.

- **Under-sized rounds and elevated expectations**

  Field interviews conducted for this research suggest that many women-led ventures raised substantially smaller rounds than originally projected in their business plans yet continued to face investor expectations calibrated to fully funded growth trajectories. Founders in capital-intensive sectors such as energy, agriculture and health infrastructure described particular difficulties securing financing structures aligned with the scale and timing of their operational needs.

- **Risk-focused questioning and narrative framing**

  Founders described investor conversations that focused disproportionately on downside risks, personal circumstances and perceived constraints (such as: "What happens if you have another child?"), while male peers were more often asked about market size and expansion strategies. This echoes experimental evidence from other markets showing that investors tend to pose prevention-focused questions to women and promotion-focused questions to men, with material effects on funding outcomes (Kanze D, et al, 2018).

- **Heightened documentation and collateral demands**

  Even when investing through equity or quasi-equity instruments, some gender-branded vehicles imposed bank-style documentation standards and covenants in the name of "prudence", effectively raising the bar higher for the very entrepreneurs they aimed to support. As one advisor noted, *"We say we are de-risking, but we often end up exporting risk back to the founder, especially when she is a woman."*

These patterns amount to a form of gendered capital rationing: when capital becomes scarce, women founders are not only first to be filtered out at the pipeline stage, but those who pass the filter often receive smaller tickets on tougher terms and under greater scrutiny. The cumulative effect is to slow women-led companies' progression through the capital ladder, dilute their ownership, and increase the personal and relational costs of entrepreneurship, even when headline statistics present the funding winter as a neutral market correction.

For gender-lens investors, this context raises a strategic question. In periods of contraction, a gender lens can either be used defensively, to justify additional layers of risk aversion, or proactively, as a tool to identify mispriced opportunities and protect women founders from disproportionate downside. The remainder of this paper argues for the latter: treating funding winters as moments when disciplined, ownership-centred, and instrument-responsive gender-lens investing can differentiate itself from mainstream capital by deliberately countering, rather than amplifying, gender-biased rationing.

STRUCTURAL BARRIERS

Collateral constraints and asset ownership

Across African markets, women's weaker rights to land and productive assets translate directly into a systemic collateral and/or warranty penalty, which constrains their access to every rung of the formal finance ladder. In many Sub-Saharan African countries, women own less than 10% of available land (ACET, 2025) despite comprising around 49% of the agricultural workforce (FAO, 2025). Because land and fixed property constitute the dominant forms of collateral required by commercial banks, this asset gap becomes a finance gap.

Our field interviews surfaced this barrier with striking consistency. One of the founders, described her financing journey: *"Traditional bank financing failed. They required property collateral. Cultural barriers meant married women's assets are typically jointly owned: my father offered his title deeds, but my husband discovered and objected."* She ultimately financed her business through a distressed asset acquisition and an exclusive supply agreement, navigating around collateral requirements through sheer ingenuity, but at significant cost to her growth trajectory and ownership structure.

Andia Chakava, Managing Partner of Afrishela Fund, identified this as the central design problem for the field: *"The biggest rule of capital is: is it collateralised? Some women just don't have the collateral. Some may have property, but it might be shared, or it might be the only property they have. How can we get more blended finance – a mixture of concessional and commercial? We need longer grace periods, flexibility in restructuring."*

Legal and regulatory frameworks magnify these collateral constraints. In several African countries, women still face formal or de facto barriers to owning and inheriting property independently.

Even where statutory law has been reformed, customary legal systems and weak enforcement frequently limit women's effective control over assets, particularly in countries such as Ghana, Rwanda, Uganda and Côte d'Ivoire, where parallel systems of statutory and customary law coexist and often disadvantage women in practice (World Bank, 2024a; Gandhi, 2018; FAO, 2018; Bond, 2012).

Network exclusion and investor bias

If collateral determines who can borrow, networks and pattern recognition largely determine who is considered investible in the first place. Venture capital markets operate through highly relational ecosystems in which deals are sourced disproportionately through trusted networks: prior founders, accelerator cohorts, co-investors, elite universities and professional referrals. In contexts where investment institutions remain disproportionately male-dominated, these network structures can systematically reproduce unequal access to visibility, credibility and capital allocation.

Studies on the gender funding gap in African VC ecosystems, including research on the Democratic Republic of Congo, Kenya and Nigeria, show that women founders face systematic barriers in accessing venture capital. Survey and interview data highlight how male-dominated investor networks, homophily in deal sourcing, and gendered perceptions of risk and credibility contribute to women-led ventures receiving a disproportionately small share of VC capital (Awuku-Asabre et al., 2021).

Angela Odero, co-founder and CEO of Rio Fish, described the practical impact of investor bias on her time: *"I spent two months with one investor – meetings, documents, follow-ups – and at the end they told me they couldn't invest because they already had a company doing the same thing. They knew that from the beginning. Now what I do is: before I give anyone information, I do my due diligence on them first."* This is the hidden cost of investor bias, not just the failed deal, but the weeks of founder time lost, time that is already scarce for women managing businesses and households simultaneously.

Andia Chakava, Managing Partner of Afrishela Fund, connected this to the homophily problem in investor behaviour: *"People invest in people who look and sound like them. I'm also guilty, I went to school in Canada and the UK. If I see an entrepreneur who's a diaspora-background founder, I smile because I feel it. So, I must be conscious. The only way I can remove my bias is by applying multiple investment lenses – including gender, climate, geography and founder background."*

Africa performs relatively well on gender representation within private capital firms: women account for around 38% of investment professionals and one-third of investment committee members, higher than global averages (AVCA, 2026a). Yet this has not translated into proportional capital flows to women-led or gender-diverse founding teams, suggesting that institutional culture, incentive structures and inherited risk models can outweigh individual representation.

Time poverty and unpaid care work

Across Sub-Saharan Africa, women perform several times more unpaid care and domestic work than men, often four to six hours per day compared with one to two hours for men (ActionAid, 2017). For existing and aspiring women entrepreneurs, time poverty manifests in concrete, market-relevant ways: fewer hours to develop business plans, attend accelerators, travel to meet suppliers and investors, or participate in ecosystem spaces where investor relationships are forged.

Starlin Farah, co-founder of Ecodudu, an insect protein company in Kenya, illustrated the intersection of time poverty and entrepreneurship in an unexpected way: during our interview, she noted that her daughter kept interrupting – a small but telling reminder of the double load that women founders carry. She reflected: *"When you have impact and things like profitability reinforce each other, business becomes durable. But if you start asking us things that are very complicated to track, it becomes a trade-off situation."*

Crucially, the burden of unpaid care is counter-cyclical: during crises, care responsibilities for women typically increase rather than decrease. For women entrepreneurs, this often means scaling back business activity precisely when

male counterparts are better positioned to "lean in" to new opportunities.

Venture studio and incubation models were cited in our interviews as one of the few approaches that directly address time poverty by providing early-stage support before formal investment. In this context, time poverty refers to the chronic lack of discretionary hours that many women experience because unpaid care work, household responsibilities and community obligations sit on top of their paid work or entrepreneurial activity. These models typically combine ideation support, technical assistance and, in some cases, stipends or income support, enabling women entrepreneurs to develop businesses without foregoing income during the earliest stages. While still relatively rare and resource-intensive, such approaches point to a more structurally aligned response to the time constraints faced by women founders.

Legal and regulatory frictions

Even when women have viable business ideas, market demand and the skills, legal and regulatory systems across many African countries still constrain their ability to own property, formalise enterprises and contract on equal terms. These frictions operate at multiple levels, from constitutional rights and family law to business registration procedures and financial regulation, and they shape both the feasibility and the cost of women's participation in formal markets.

A first set of constraints concerns property and inheritance rights. In several Sub-Saharan African countries, statutory or customary laws still limit women's ability to own, inherit or dispose of land and other productive assets independently of male relatives. Even where the constitution guarantees equality on paper, family and succession laws may continue to privilege male heirs, and customary systems often assign land through patrilineal structures that recognise men as household heads and primary rights-holders. This undermines women's capacity to accumulate assets, provide collateral and warranties and make long-term investment decisions – reinforcing the constraints documented in Part III. Reforms in countries such as Ghana (property rights), Côte d'Ivoire (inheritance law), Uganda (land), and Rwanda (joint spousal ownership and streamlined registration) demonstrate that progress is possible, but implementation gaps and weak enforcement frequently blunt their impact (World Bank, 2024a; Gandhi, 2018; FAO, 2018; Bond, 2012).

A second layer relates to business registration and regulatory compliance. Across African markets, entrepreneurs face complex and time-consuming procedures to formalise businesses, obtain tax identification numbers and secure sector-specific licences. While these processes are broadly similar for all entrepreneurs, interviews suggest that the effective burden is not evenly distributed. Women entrepreneurs often navigate these systems successfully, but do so under tighter time constraints, with less access to advisory support, and while balancing unpaid care responsibilities. These factors can increase the time and cost of formalisation, or shift priorities towards maintaining operational flexibility. As a result, a higher share of women-owned enterprises remains informal or semi-formal, which in turn limits access to formal banking, public procurement and institutional investors. Even where "one-stop shop" reforms, which integrate business registration and licensing into a single administrative process, have streamlined procedures, barriers related to awareness, access points, and transaction costs continue to affect uptake, particularly outside major urban centres (FAO, 2025).

> *Women entrepreneurs often navigate bureaucracy successfully, but do so under tighter time constraints, with less access to advisory support, and while balancing unpaid care responsibilities*

Third, financial sector regulation and practice can embed gender bias. Although most African banking laws no longer explicitly discriminate against women, remnants of older frameworks, coupled with discretionary lending practices, continue to create de facto barriers: requirements for spousal consent, insistence on land titles in the husband's name, or reluctance to accept movable collateral disproportionately exclude women. In some jurisdictions, women still face obstacles

opening bank accounts, signing contracts or borrowing without a male co-signatory, particularly when customary norms override statutory rights (World Bank, 2024b). Fintech innovations have expanded basic account access, mobile money use, and digital credit, but legal and regulatory impediments – such as restrictive KYC (Know Your Customer) documentation requirements or unclear rules around digital signatures and collateral – often prevent women from fully leveraging these channels for business finance.

Why these barriers persist across Africa

The barriers outlined above are not isolated frictions but elements of a self-reinforcing system. Limited land and asset ownership restrict women's ability to post collateral and access formal credit; weak legal enforcement and discriminatory inheritance norms prevent many from consolidating property rights even where statutory reforms exist; heavy unpaid care burdens constrain the time available to formalise businesses, cultivate networks, or pursue growth; and male-dominated investor and business networks then interpret the smaller, more informal footprint of women-led firms as evidence of lower ambition or capacity, reinforcing biased risk perceptions. **Each barrier amplifies the others: lack of collateral pushes women into informality, informality reduces visibility to investors and policymakers, and invisibility slows the political momentum needed to change discriminatory laws and norms.**

These patterns persist across diverse African markets because they are anchored in deep institutional and historical legacies.

On the capital side, venture capital ecosystems tend to reproduce existing allocation patterns over time because investment decisions are highly path dependent. As discussed in Part II, relationship-driven sourcing structures and concentrated investor networks often favour founders and sectors already perceived as familiar, credible, or "venture scalable". Under conditions of uncertainty and limited information, these dynamics can reinforce existing inequalities even as diversity within the broader ecosystem gradually improves.

Incremental increases in the number of women investment professionals have not yet fundamentally altered these underlying market incentives or decision-making structures. Investment committees remain under pressure to move quickly, rely on trusted referrals, and prioritise perceived low-risk opportunities, which can continue to concentrate capital within already well-networked founder ecosystems.

Finally, these barriers persist because interventions often target single symptoms rather than the system. Legal reforms without enforcement do little to change banks' collateral practices; entrepreneurship training that ignores time poverty and unpaid care leaves many women unable to apply new skills; diversity pledges in funds, without changes to sourcing channels, due-diligence processes and product design, fail to shift who receives capital. **The result is a pattern of partial progress, more women with legal rights on paper, more women in junior investment roles and more training programmes, without commensurate shifts in ownership of assets, bargaining power or control over high-growth firms.**

For gender-lens investors, the persistence of these barriers across African markets underscores that under-financing of women-led and gender-diverse ventures is not a temporary anomaly but a structural equilibrium. Shifting that equilibrium requires strategies that operate on multiple fronts simultaneously:

- reshaping sourcing methods and decision-making processes to counter network exclusion and bias;
- aligning investment criteria and instruments with the realities of women's asset profiles and time constraints;
- partnering with policymakers and ecosystem actors, where possible, to close the gap between de jure rights and de facto access.

Only by treating these barriers as interconnected features of the economic system, not as isolated frictions, can gender-lens investing in Africa move from working around structural constraints to helping transform them.

ECODUDU

SECTOR: Climate tech, waste-to-value
LOCATION: Nairobi, Kenya
INTERVIEWED FOUNDER: Starlin Farah
FOUNDING YEAR: 2016 (Activities started in 2018)

KEY INSIGHT

For climate-tech businesses like Ecodudu, the central question is not simply how to raise capital, but how to match different forms of capital to different layers of risk, time horizon, and asset profile.





BUSINESS MODEL AND AND STRATEGIC PIVOT

Ecodudu began as a waste-to-value company using black soldier fly technology to convert organic waste into animal protein and organic fertiliser. The model addressed multiple market failures at once, as Starlin Farah explained, the business emerged because the team saw that this process could solve *"three challenges at once for us… unmanaged organic waste, rising livestock feed costs, and then there's also declining [soil] fertility."*

Over time, however, the company learned that technical viability and market viability are not always the same. While insect protein for animal consumption was promising, production was operationally intensive and customer adoption proved more difficult than expected. The team eventually pivoted towards solely fertiliser, where customer demand was stronger and adaptation to client needs was easier.

In Starlin's words, the decision was driven by *"the operational costs involved, the market acceptance of the protein"*, as well as the fact that customers repeatedly said the product was *"too oily, it is too sticky"* for their machinery. Fertiliser, by contrast, generated clearer demand and more flexible use cases.

This pivot makes Ecodudu a useful illustration of disciplined adaptation rather than failure.

CAPITAL NEEDS AND INVESTOR FIT

As Starlin (pictured on page 35 with co-founder Adan Mohammed) explained, *"the decision to raise capital at this stage was more growth-driven than survival-driven"*, reflecting the reality that infrastructure-heavy climate businesses often outgrow their initial capacity long before they become attractive to mainstream capital.

What stands out in this case is the founder's clarity about what kind of investor relationship she wants. Rather than treating capital as interchangeable, she draws a sharp distinction between passive money and aligned partnership: *"Capital alone is not differentiating. Strategic alignment with the investors is."*

She goes on to describe the ideal investor as one who understands that *"climate technology businesses require patience, systems thinking and disciplined scaling."* This is closely aligned with one of this paper's central arguments: many women-led enterprises are not simply underfunded but funded through instruments and expectations borrowed from business models with very different risk profiles and growth paths.

OWNERSHIP, CONTROL, AND STRUCTURED CAPITAL

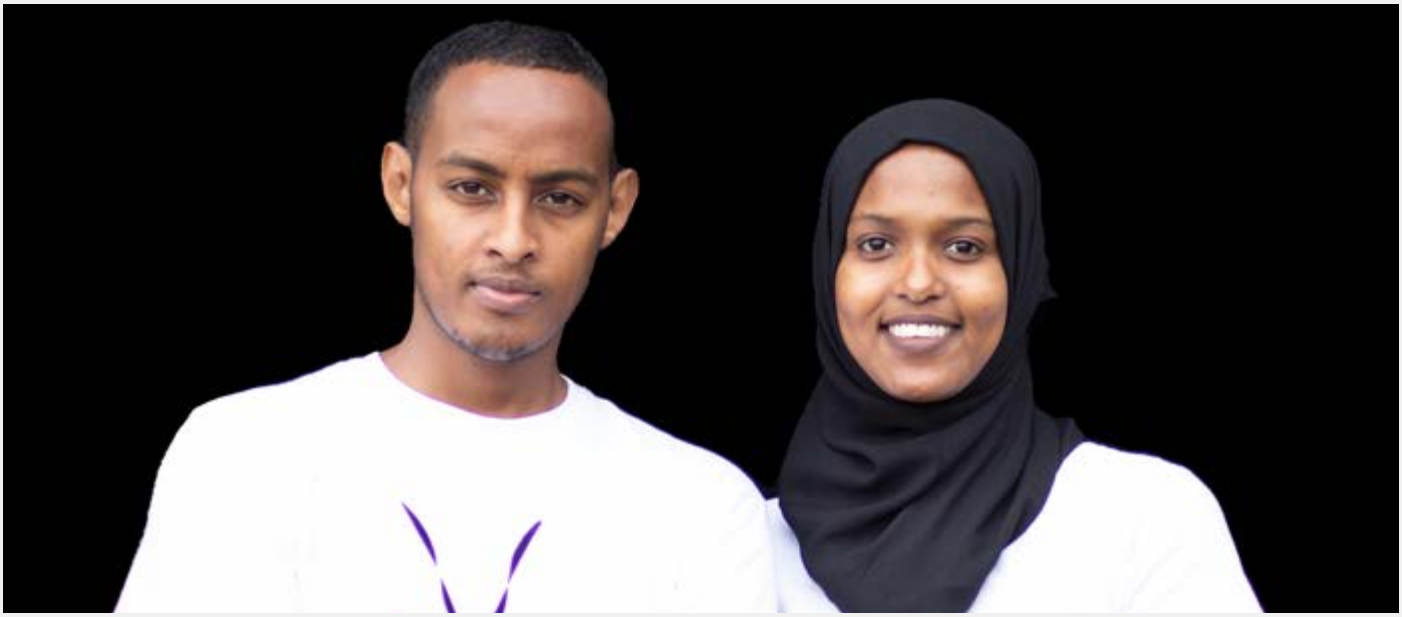
Ecodudu also offers a more nuanced perspective on ownership than some of the other cases. Here, the founder is not fundamentally opposed to dilution. What matters is not dilution itself, but whether it happens on aligned terms and in service of long-term value creation.

As she put it, *"Dilution itself is not really the concern… misalignment would be."* The company is willing to share ownership if enterprise value increases and governance is strengthened, but wants core strategic elements protected: *"the integrity of the mission, the direction of the impact… and responsible scaling."*

This leads directly to her preferred capital logic. Rather than pure equity, she argues for a structured capital stack: *"For our specific business model, a structured capital model would be most efficient."*

In practice, that means equity for infrastructure and capacity expansion, debt or asset-backed finance for working capital and production cycles, and potentially revenue-based instruments for more predictable cash flows. She is explicit that *"pure equity for everything is not efficient"*, and that climate businesses benefit from instruments matched to the underlying cash-flow and asset profile.

This makes Ecodudu one of the clearest cases in the paper for illustrating why the "missing middle" is not only about ticket size, but about **capital design**.



THE VALUE OF GOOD TECHNICAL ASSISTANCE

The interview also provides one of the strongest examples in our research of what good technical assistance looks like. One investor invested not only money but time and practical support into building the company's financial model, which had previously been a major weakness in fundraising discussions.

Starlin described this as transformative: *"One of the investors… worked very closely with us to be able to create this financial model. I think it was an eye opener for us."*

More importantly, she distinguished this support from a top-down investor posture: *"They really come down to your level, not just sticking up as the investor level… and work with us to be able to achieve more."*

This is exactly the kind of embedded, confidence-building technical assistance our paper argues for elsewhere: support that reduces friction, improves negotiating capacity, and strengthens the business rather than simply imposing additional reporting burdens.



GENDER DYNAMICS AND CREDIBILITY

Ecodudu is also especially useful for this paper because it gives a sophisticated view of gender-lens investing. The founder does not reject the concept, but she is careful not to equate the label with trust: *"Just the fact that gender lens is there… does not automatically build trust."*

Instead, trust depends on substance: women in actual decision-making roles, fair valuation, transparent term sheets, and instruments designed around the realities of the founders they claim to support.

Starlin's fundraising experience also highlights the subtle pressures women face when pitching in male-dominated investment settings. She notes that *"you often feel the need to demonstrate technical depth, financial mastery"*, and that she learned to respond by grounding discussions in data, margins, and operational performance so that *"the perception becomes secondary"*.

At the same time, one investor– played a constructive role by pushing Starlin to become more visible in fundraising rather than remaining in the background. This is a strong example of how gender-aware investors can do more than fund; they can actively shift who gets seen and heard in the fundraising process.

IMPACT MEASUREMENT AND OPERATIONAL REALISM

Starlin's comments on impact measurement are also highly useful for our broader recommendations. She is positive about impact expectations in principle but argues that reporting frameworks must be calibrated to company maturity. Otherwise, they become an operational burden rather than a useful management tool.

As she explains, impact is already embedded in the business model, waste diverted, fertiliser produced, emissions reduced, but *"the reporting frameworks have to scale realistically with the maturity"*. If investors ask for metrics that are too complex or too expensive to track, *"then it becomes a trade-off situation"*.

"Good" KPI design therefore should focus on a few meaningful, decision-relevant indicators rather than compliance-heavy frameworks.

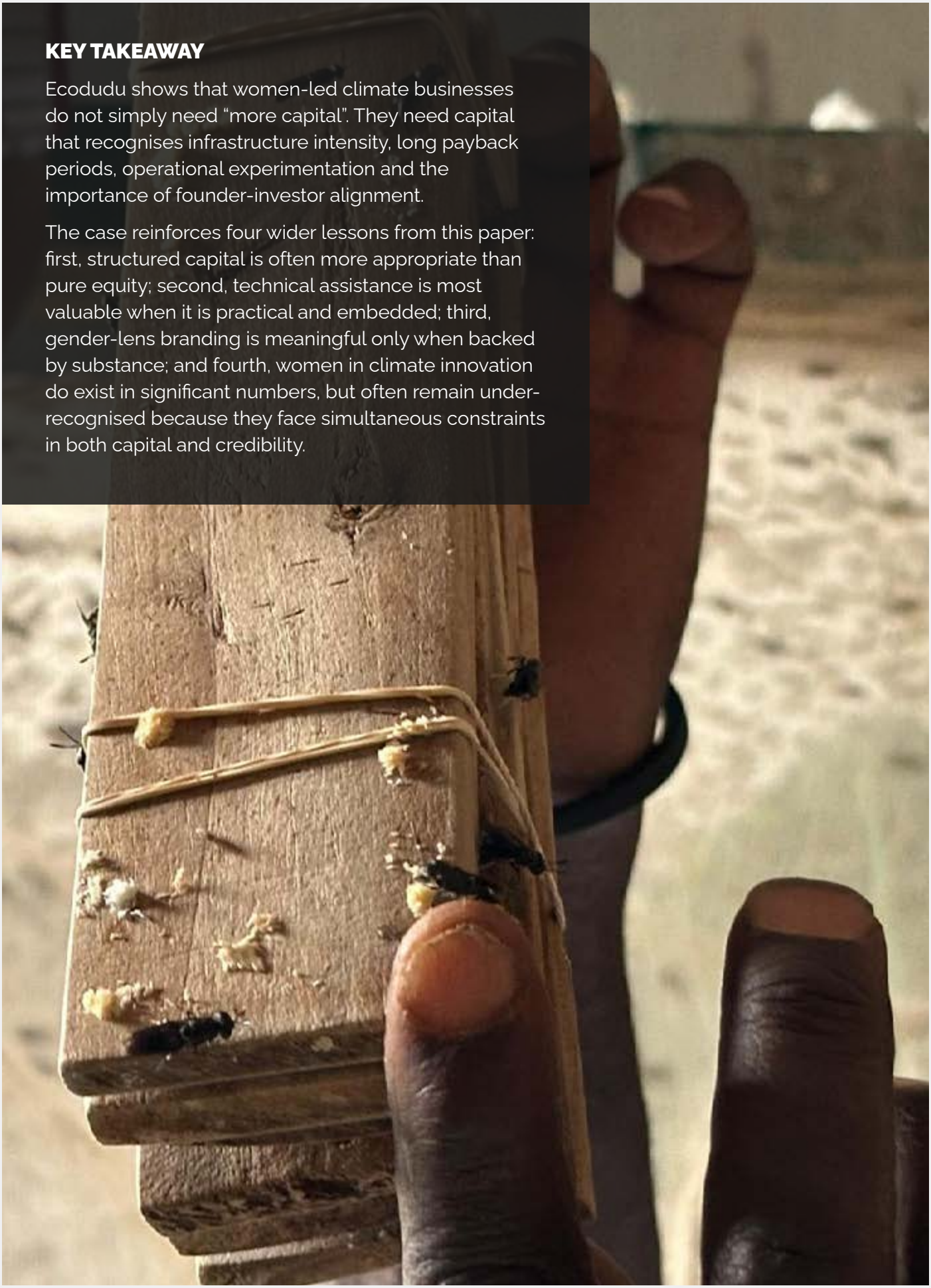
A CLIMATE-TECH CASE SHAPED BY STRUCTURAL FRAGILITY

Finally, Ecodudu also shows the fragility that early-stage climate businesses face even after making operational progress. The company lost access to its production site after a follow-on investment process stalled, triggering conflict with the landowner and undermining operating continuity. This episode underscores how quickly setbacks in capital access can spill over into land, supplier and client relationships, especially where businesses operate in leased facilities and in informal or relationship-driven contexts.

KEY TAKEAWAY

Ecodudu shows that women-led climate businesses do not simply need "more capital". They need capital that recognises infrastructure intensity, long payback periods, operational experimentation and the importance of founder-investor alignment.

The case reinforces four wider lessons from this paper: first, structured capital is often more appropriate than pure equity; second, technical assistance is most valuable when it is practical and embedded; third, gender-lens branding is meaningful only when backed by substance; and fourth, women in climate innovation do exist in significant numbers, but often remain under-recognised because they face simultaneous constraints in both capital and credibility.



HOW INVESTORS ARE RESPONDING

Ownership, leadership, employment and end-users lenses

Gender-lens investors differ substantially in how they define and operationalise the gender lens. The most commonly used typology distinguishes between:

- **Ownership-focused strategies:** Require that portfolio companies be majority or significantly owned by women. This approach prioritises women's economic agency and control but faces significant pipeline constraints given the relatively small number of women-led ventures at VC-ready stages.
- **End-users focused strategies:** Invest in companies that serve women as customers, employees or supply chain participants, without requiring women's ownership. This approach reaches larger numbers of women but does not necessarily build women's asset ownership or business control.
- **Hybrid strategies:** Apply ownership criteria alongside end-user and employment screens, seeking to address multiple dimensions of gender inequality simultaneously.
- **Leadership and workforce strategies:** Prioritise gender diversity not only within portfolio companies, but also across fund governance and capital-allocation structures, including investment committees, fund management teams, boards and decision-making processes. These approaches focus on how power is distributed within both the investee company and the investment institution itself, without necessarily requiring women's ownership thresholds at the portfolio level.

The original mapping exercise conducted for this paper analysed the publicly available portfolios and investment criteria of 85 gender-lens funds or facilities active in African markets. Each fund was classified according to its primary gender-lens approach: ownership-focused, beneficiary-focused, hybrid, or leadership/workforce-oriented.

The analysis demonstrates that only 7 of the 85 mapped investors apply a predominantly ownership-focused strategy. These include Afrishela, FirstCheck Africa, Enygma Ventures, Five35 Ventures, ShEquity, WIC Capital and OPES-LCEF.

While the sample is limited and based largely on publicly available portfolio and fund documentation, the mapping highlights an important structural pattern within African gender-lens investing: ownership-centred strategies remain comparatively rare, despite the growing scale of gender-labelled capital. Given uneven disclosure standards and incomplete portfolio transparency across the sector, some classification errors or grey areas may remain.

> *There is an important structural pattern within African gender-lens investing: ownership-centred strategies remain comparatively rare, despite the growing scale of gender-labelled capital.*

This distribution reflects the diversity of approaches currently operating under the gender-lens investing umbrella, ranging from ownership-centred strategies to broader inclusion-oriented strategies.

The question of which approach is most effective was contested in our field interviews. One investor, for example, argued for a strategy that focuses not only on the ownership but the end users too: *"Focusing only on female founders, I really don't think that's gender lens. That's maybe what we were thinking ten years ago. Gender-lens investing has to go one step further."*

Andia Chakava, Managing Partner of Afrishela Fund disagreed: *"We want to make sure we are not supporting 'fronting' – where male businesses front women. The ownership and leadership go hand in hand."*

Another interviewee offered a synthesis: *"Effective gender-lens investing should include at least a minimum threshold of women-owned enterprises for early-stage institutions. Ownership is easier to measure and validate. However, while attribution and measurement of beneficiary impact is more difficult, investing in women-benefitting enterprises has the potential to create impact at scale."*

Financial instruments used in gender-lens investing

In response to the limitations of conventional venture financing models discussed in Part II, a growing number of gender-lens investors are experimenting with alternative capital structures designed to better align with the realities of women-led enterprises in African markets.

The mapping reveals that equity instruments, particularly venture capital and growth equity, continue to dominate the gender-lens investing landscape in Africa, especially among early-stage and technology-focused funds. Many investors rely primarily on conventional venture instruments such as equity, convertible notes and SAFEs, often adapting structures developed in mainstream VC markets rather than designing products specifically around the financing realities of women-led enterprises.

At the same time, a smaller but growing group of gender-lens investors is experimenting with alternative and hybrid financing models intended to address the "missing middle" more directly. These include quasi-equity structures, mezzanine finance, revenue-based financing, impact-linked loans and blended capital approaches that combine concessional and commercial elements. Funds such as Afrishela explicitly position themselves around blended and mezzanine-oriented structures, while others, including OPES-LCEF and several emerging gender-focused SME funds, incorporate more flexible capital instruments alongside technical assistance and governance support.

Our field interviews with entrepreneurs revealed a consistent, strong preference for non-dilutive or hybrid instruments. One of the woman founders summarised the sentiment widely expressed: *"The best option was blended finance – some debt with a coach to fulfil the strategy, revenue-based financing where what you repay is tied to what you earn."*

Another founder we interviewed argued for a capital stack approach: *"Pure equity for everything is not efficient. Climate businesses benefit from structured capital stacks – equity for infrastructure expansion, debt or asset-backed instruments for production cycles, revenue-based instruments for predictable cash flows."*

Importantly, several women entrepreneurs expressed reluctance towards equity, not because of financial naivety, but because of well-founded concerns about dilution of mission. As Starlin Farah, co-founder of Ecodudu, said: *"Dilution itself is not really the concern – misalignment would be. We're comfortable sharing ownership if there is a significant increase in enterprise value. But certain elements have to remain protected: integrity of the mission, the direction of the impact, the long-term strategy."*

The mismatch is partly a knowledge problem: many women entrepreneurs are unaware of instruments like redeemable equity, impact-linked loans or revenue-based financing. As one adviser observed: *"Many women don't know that there's something like redeemable equity that some impact investors are offering. When they hear about it, they say 'oh, interesting'."* It is also a design problem: these instruments are simply not offered at sufficient scale by gender-lens investing funds active in Africa.

> *Many women don't know that there's something like redeemable equity that some impact investors are offering. When they hear about it, they say 'oh, interesting'*

Blended finance and catalytic capital

Blended finance, the strategic use of development finance and philanthropic funds to mobilise additional private capital, represents one of the most promising instruments for reaching women-led enterprises that do not fit the standard VC mould. By layering grants, first-loss tranches or concessional debt alongside commercial capital, blended structures can de-risk investments and make them viable.

The case for blended finance is particularly strong in the "missing middle" – the funding needs in the $250,000 – $2 million range where most enterprises need capital to transition from proof-of-concept to commercial readiness, but where neither pure equity nor traditional bank debt is well-suited.

Technical assistance and ecosystem-building

Virtually every entrepreneur interviewed, and many investors, identified technical assistance as a critical component of gender-responsive investing, often as important as the capital itself. Requested forms of technical assistance included financial modelling support, governance and board processes, HR and leadership coaching, market access, and legal support on term sheets.

As Starlin Farah, co-founder of Ecodudu, recalled a transformative moment: *"One investor worked very closely with us to create a financial model. I think it was an eye-opener for us. We are very grateful for their support. They came down to our level, not just turning up as the investor, and worked with us to achieve more."*

Venture studio models were consistently cited in interviews as one of the few approaches that attempt to address early-stage constraints more holistically. These models typically combine ideation support, operational guidance and, in some cases, financial support during the business development phase. While resource-intensive and not yet widely replicated at scale, they point to an alternative approach in which capital is deployed alongside structured venture-building support.

Systemic investing as a response to structural constraints

A recurring theme across our interviews with investors was the inadequacy of single-symptom interventions. Legal reforms without enforcement do little to change banks' collateral practices; entrepreneurship training that ignores time poverty leaves many women unable to apply new skills; diversity pledges in funds, without changes to sourcing channels and due-diligence processes, fail to shift who receives capital.

As Andia Chakava, Managing Partner of Afrishela Fund, put it: *"How can we also get a continuum of capital within the same pot? For the ideation stage, grants or reimbursable grants. As the business breaks through, longer grace-period loans. We must allow for circumstances – women entrepreneurs still have 'key man' risk, and they've got an unpaid care issue. Capital has to be patient."*

The most powerful framing came from a field interview with a gender-lens investing advisor: *"Being a good gender investor is actually being a good ecosystem investor – having facilitators working with communities, establishing hubs to educate, provide extra skills. The work lies way deeper than just the founding stage. It's a problem about education, about getting women into technology."*

> *One investor worked very closely with us to create a financial model. It was an eye-opener for us. They came down to our level, not just turning up as the investor, and worked with us to achieve more*

WHAT THE DATA SHOWS

Typology of gender-lens investors

The 85 funds and facilities that we mapped with defined gender lens types represent a diverse ecosystem spanning DFIs, private equity and venture capital funds, debt vehicles, blended finance platforms, angel networks, venture studios, and ecosystem enablers. Ticket sizes range from under $10 million to over $7 billion, with geographic mandates from country-specific to pan-African.

Based on their primary role in addressing barriers to women's capital access, investors can be classified along four axes:

- **Builders:** Investors primarily focused on pipeline development, early-stage support, and ecosystem infrastructure. Examples include Delta 40 (venture studio), FirstCheck Africa (pre-seed angel syndicate), and ShEquity (build-then-invest model). These actors address the earliest breaks in the funding pipeline.
- **Scalers:** Investors deploying growth capital to women-founded, women-led or gender-inclusive enterprises that have demonstrated early traction. Examples include Aruwa Capital, Afrishela,Five35 Ventures and OPES-LCEF. These actors address the missing middle.
- **Anchors:** Large institutional actors – DFIs, fund-of-funds and standard-setters – that provide systemic support through concessional capital, blended finance and market infrastructure. Examples include British International Investment, International Finance Corporation, Mastercard Foundation, and Africa Growth Fund.
- **Enablers:** Organisations and initiatives that strengthen the enabling infrastructure for gender-lens investing through standards, data, research, measurement frameworks, technical assistance, knowledge sharing and investor capacity building. Examples include the 2X Global and the 2X Challenge which have developed the 2X Criteria, as well as Criterion Institute, Value for Women, and practical tools such as the SG2X Playbook.

Descriptive patterns and emerging insights

Behind the charts and tables, our mapping and interviews kept circling back to the same four themes. This section pauses on those themes, showing how they play out in real deals, real instruments and real relationships between investors and women founders.

1. The ownership vs end-user trade-off in practice

The field mapping and interviews together reveal that the ownership vs end-user distinction is not merely definitional – it drives real differences in instrument design, deal structures and impact.

End-user-focused funds tend to be larger, DFI-backed, and operationally simpler: they deploy standard equity or debt instruments and apply gender screens post-investment. Ownership-focused funds tend to be smaller, women-led, and operationally more complex: they engage earlier, provide more technical assistance, and design instruments specifically for women's contexts.

The implication is that the ownership-focused model is more transformative but also more expensive and harder to scale. The end-user model is more scalable but less likely to shift the underlying dynamics of who controls productive assets and enterprises.

A synthesis position – articulated most clearly by one of the female investors – is that the most effective investment targets women co-founders who are building products specifically for women, with women suppliers and women employees: *"The ideal is a female co-founder creating products that benefit women. That combination is most impactful."*

2. When gender-lens branding and investment practice diverge

One of the findings emerging from the field interviews is that entrepreneurs distinguish sharply between funds that market themselves as gender-lens investors and funds whose investment practices are experienced as

genuinely aligned with women founders' realities. Across interviews, founders consistently evaluated gender-lens investing credibility not primarily through labels or public commitments, but through the structure of the investment relationship itself: transparency of terms, flexibility of instruments, governance dynamics, responsiveness during fundraising, and the degree to which investors understood the operational realities of their businesses.

Several entrepreneurs described encounters with gender-labelled funds that ultimately replicated many of the same constraints associated with mainstream venture capital: lengthy due-diligence processes, standardised equity structures poorly suited to their sectors, under-sized tickets, rigid growth expectations, or governance arrangements that transferred disproportionate control to investors. In these cases, the gender lens was often perceived as additional branding layered on to conventional investment models rather than as a meaningful redesign of capital allocation practices.

> *Entrepreneurs consistently highlighted the importance of respectful communication, transparency around decision-making, realistic milestone-setting, and investor willingness to engage as long-term strategic partners rather than purely financial monitors*

As one entrepreneur explained: *"The fact that gender lens is on the label doesn't automatically build trust. The consistency of proving that they are actually gender-lens motivated builds trust. The signals for me include women in actual decision-making roles, fair valuation disciplines, transparent term sheets, and a strategy that actually translates into better-designed instruments for the women you're trying to target."*

This distinction between symbolic alignment and operational alignment emerged repeatedly throughout the research. Founders placed particular emphasis on whether investors adapted their expectations to the realities of undercapitalised businesses, longer payback sectors, and constrained founder capacity. Several interviewees noted that some gender-focused vehicles imposed more reporting requirements, additional documentation layers, or stricter conditionalities in the name of de-risking, effectively exporting operational risk back on to entrepreneurs rather than absorbing it through more flexible capital structures.

Some interviewees also suggested that founders evaluate gender-lens credibility through governance behaviour after investment, not only through screening criteria at entry. Entrepreneurs consistently highlighted the importance of respectful communication, transparency around decision-making, realistic milestone-setting, and investor willingness to engage as long-term strategic partners rather than purely financial monitors. **In this sense, gender-lens investing was perceived as credible not when funds merely financed women, but when they redistributed elements of informational, strategic and negotiating power within the investment relationship itself.**

The implication is that the gap between gender-lens investing aspiration and gender-lens investing practice is not only a measurement problem or a pipeline problem. It is also an institutional and behavioural problem: whether investment structures, governance practices and incentive systems meaningfully change in response to the realities that gender-lens investing claims to address.

3. Capital structure and gender strategy alignment

Field evidence from this research points to a persistent and structural misalignment between the capital structures that women entrepreneurs need and the financial instruments that markets predominantly supply. **This misalignment is not marginal; it sits at the core of the "missing middle" problem and directly constrains the growth of women-led enterprises across African markets.**

Across interviews, women entrepreneurs consistently articulated a clear and coherent set

of capital preferences. These preferences are not driven by risk aversion, but by the economic realities of their business models, sector dynamics and lived experiences with capital. Specifically, entrepreneurs emphasised the need for:

- **Patient capital** aligned with longer business cycles (typically 8–12 years), particularly in sectors such as agriculture, climate and light manufacturing
- **Non-dilutive or partially dilutive instruments,** including revenue-based financing, redeemable equity and impact-linked loans
- **Blended capital structures,** combining concessional and commercial layers to reduce risk and improve affordability
- **Flexible instruments** that allow restructuring in response to operational volatility

These preferences were consistently reinforced by evidence from our interviews. One entrepreneur described equity as *"very challenging when it comes to making strategy for the company"*, citing a previous experience of losing 50% ownership under difficult market conditions, which continues to shape her strong preference for redeemable equity and debt-based instruments.

Similarly, another founder highlighted that **control is not about ego, but about protecting mission and long-term direction**, reinforcing that capital design must account for governance and decision-making rights, not just financial returns.

From the investor side, there is growing recognition of this mismatch. As one fund manager noted, *"it really depends on the kind of business… some just want pure debt… others need a mix"*, while also advocating for **greater use of revenue-based financing and blended structures instead of pure equity**. However, such approaches remain the exception rather than the norm.

In contrast, the current market offering remains concentrated around standardised instruments:

- **Equity-based financing** at early stages, primarily through venture capital, convertible notes, and SAFEs
- **Collateralised debt** at later stages, typically requiring formal asset ownership
- **Impact-linked financing conditions** that increase reporting and compliance requirements without proportional provision of capital or technical support

This supply-side standardisation reflects institutional constraints, including fund mandates, risk frameworks and operational scalability, rather than alignment with enterprise-level needs.

4. Regional and sectoral variation

The funds we mapped show significant concentration in East Africa (particularly Kenya) and West Africa (particularly Nigeria), with Southern Africa increasingly active. Francophone West and Central Africa remain substantially underserved, with a smaller number of dedicated funds and greater dependence on regional microfinance institutions and DFI channels.

Sectorally, most gender-lens investors active in Africa remain relatively broad in mandate rather than narrowly sector-specific. However, their investment strategies are shaped by wider African venture market dynamics, where technology, fintech, climate tech and platform-enabled businesses attract significant investor attention. Within this landscape, the gender-climate nexus is emerging as an important but still uneven area of activity, illustrated by initiatives such as Altree Capital's Kadzi Gender-Climate Fund and Catalyst Fund's work on climate fintech. This intersection is promising, but it also raises a design challenge: many climate and climate-adjacent businesses, particularly those involving infrastructure, agriculture, manufacturing or circular economy models, have longer payback periods and higher capital intensity than standard VC models assume.

Taken together, these findings suggest that many gender-lens investing strategies fail to adequately address the structural, cultural and market barriers women entrepreneurs face, including restrictive social norms and traditions, limited access to collateral, and investor biases. As a result, they often fall short of providing capital with appropriate terms and risk profiles, building trust-based relationships that combine a genuine understanding of women entrepreneurs' realities with a commitment to both impact and financial performance.

RIO FISH

SECTOR: Aquaculture, food production
LOCATION: Lake Victoria, Kenya
INTERVIEWED FOUNDER: Angela Odero
FOUNDING YEAR: 2018

KEY INSIGHT

When capital is only partially deployed but expectations remain unchanged, accountability frameworks can shift disproportionate risk on to founders rather than support growth.





BUSINESS MODEL AND GROWTH AMBITION

Rio Fish operates in the aquaculture sector, with a focus on fish production and value chain development. The business was built to respond to growing demand for protein while creating local employment and strengthening food systems.

Like many businesses in this sector, growth requires significant upfront investment in infrastructure, inputs and operational systems. Scaling is therefore highly sensitive to both the **timing and completeness of capital deployment**.

CAPITAL CONSTRAINTS AND PARTIAL FUNDING REALITY

A defining feature of Rio Fish's experience is the gap between **capital required** and **capital actually received**. While the business developed a full growth strategy and investment plan, funding was delivered only partially, creating a structural mismatch between expectations and resources.

As the founder, Angela Odero, described: *"You're expected to deliver the full plan, even when you only get part of the funding."*

This misalignment did not simply slow execution, it fundamentally altered the risk profile of the business. Fixed costs remained, growth targets stayed in place, but the capital required to meet them was incomplete.

This dynamic reflects a broader issue identified across multiple cases: capital is often treated as binary (funded vs not funded), while in practice, **partial funding can be one of the most destabilising outcomes**.

TECHNICAL ASSISTANCE AS BURDEN RATHER THAN SUPPORT

Rio Fish also provides a clear example of how technical assistance can become counterproductive when poorly designed. Rather than reducing friction, support structures were experienced as additional workload layered onto an already resource-constrained team.

Angela described spending significant time responding to reporting requirements, participating in programmes, and managing expectations tied to funding that did not fully materialise. She said: *"You're doing all the reporting, all the work… but you don't actually have the resources to deliver."*

This created a situation where accountability increased, but capacity did not. Instead of enabling growth, technical assistance contributed to time pressure, operational strain and personal burnout.

This is a critical counterpoint to the more positive examples seen in other cases: technical assistance is not inherently valuable, it is only effective when it is aligned with capital, timing and actual business needs.

THE HUMAN COST OF MISALIGNED CAPITAL

One of the most important contributions of this case is that it makes visible the human impact of misaligned financing structures.

Angela described prolonged periods of overwork, stress and health deterioration as she attempted to meet expectations under constrained conditions. Rather than distributing risk between investor and entrepreneur, the structure effectively concentrated it on the founder.

This reinforces a key argument of this paper: poorly aligned investment models do not simply affect business outcomes; they shape who absorbs the pressure when things do not go as planned.

INVESTOR EXPECTATIONS AND STRUCTURAL MISALIGNMENT

The Rio Fish case also highlights a deeper issue in investor behaviour: expectations are often anchored to the original business plan rather than recalibrated based on actual capital deployed. This is a common experience among entrepreneurs.

This creates a disconnect between:

- what is funded
- what is expected
- and what is realistically achievable

In practice, founders are left to bridge this gap, often through personal sacrifice, informal borrowing or unsustainable work patterns.



KEY TAKEAWAY

Rio Fish provides one of the clearest illustrations in this research of what happens when **capital, expectations and support structures fall out of alignment.**

The case underscores three critical lessons for gender-lens investors. First, partial funding requires explicit recalibration of milestones and timelines. Second, technical assistance must reduce, not increase, founder burden. Third, accountability frameworks must reflect actual resourcing, not theoretical plans.

More broadly, the case highlights a structural risk in impact investing: when funding is incomplete, but expectations remain unchanged, the result is not shared accountability, but risk transfer to the entrepreneur.



The findings of this research point to a dual conclusion. There remains a significant shortage of capital flowing to women-led enterprises across African markets, particularly in the missing middle. However, increasing the volume of gender-lens capital alone will not be sufficient to close this gap. The evidence consistently shows that capital is often misaligned with the operational realities, growth trajectories and risk profiles of women-led businesses.

Across markets, instruments, and investor types, a clear pattern emerges: **the challenge is not only one of access, but of fit**. Standard venture and debt structures frequently fail to match the cash-flow dynamics, capital intensity, and timing needs of these enterprises, resulting in underinvestment, premature pressure, or inefficient scaling.

Addressing this gap therefore requires a shift from intention to alignment. This includes rethinking how capital is designed, how investment decisions are made, and how different actors across the ecosystem coordinate to support businesses over time. The following recommendations outline practical steps for investors to deploy capital in ways that are both commercially viable and better aligned with the needs of women-led enterprises across Africa.

The evidence consistently shows that capital is often misaligned with the operational realities, growth trajectories and risk profiles of women-led businesses

DESIGNING GENDER-LENS STRATEGIES

The findings of our interviews point to several suggestions that should guide the design of gender-lens investment strategies in African markets.

- **Match instruments to needs, not models**
  The dominant VC toolkit – convertible notes, SAFEs and standard equity – is poorly matched to the cashflow profiles, growth timelines and ownership priorities of most women-led enterprises in Africa. A gender-lens approach should start from what these businesses actually need, then design instrument menus accordingly: revenue-based financing, impact-linked loans, redeemable equity, blended grant-and-commercial capital and patient debt with room for restructuring. In other words, impact investing must develop its own fit-for-purpose capital architecture instead of copying VC structures and hoping they work in very different markets.
- **Design for the missing middle**
  The $250,000 – $2 million dollar range is where many women led enterprises in Africa get stuck, too big for microfinance but still invisible to mainstream VC and commercial banks. Funds that are serious about impact should deliberately design their processes and instruments around this segment: offering purpose-built ticket sizes, longer investment horizons, and acceptance more modest financial returns in exchange for stronger resilience and transformative impact.
- **Examine internal power and decision-making structures**
  Gender-lens investing is not only about the companies in which capital will be invested in it is also shaped by how investment decisions are made. Funds should critically assess who sits on investment committees, how risk is evaluated, and what patterns

influence deal selection. Increasing diversity in decision-making roles, and making these roles substantive rather than symbolic, can materially shift capital allocation outcomes. If gender-lens investing aims to redistribute opportunity in markets, it must also interrogate how power is distributed within investment processes themselves.

- **Adapt accountability to resourcing**
  Multiple entrepreneurs in this research described a recurring and damaging dynamic: being held accountable to a full growth strategy while receiving only a fraction of the capital required to execute it. This misalignment creates unrealistic expectations and shifts disproportionate risk on to founders, particularly in capital-intensive sectors where underfunding directly constrains delivery. Investors should therefore align accountability with resourcing. Expectations, milestones, and timelines should reflect the actual level of capital deployed, not the original funding plan. Where rounds are only partially filled, this should trigger a recalibration of strategy, rather than an implicit assumption of full delivery. In practice, this means:
  - defining phased milestones linked to specific funding levels
  - distinguishing between fully funded vs partially funded scenarios
  - adjusting performance expectations and reporting requirements accordingly

  Founders, in turn, should resist the pressure to overpromise under constrained financing conditions. Instead, they should co-define realistic, staged execution plans that transparently link capital, time and expected outcomes. At its core, this is not only a matter of operational discipline, but of fair risk allocation. Accountability should be shared and proportionate, aligned with the resources provided, rather than detached from them.

- **Stage impact requirements**
  Impact reporting frameworks should be calibrated to the maturity, capacity and operational reality of investee companies. Applying the same level of reporting requirements across all stages can create unnecessary burden, particularly for early-stage ventures where teams are lean and systems are still being built. In these contexts, overly complex impact frameworks risk diverting time and resources away from core business execution.
  A more effective approach is to co-create a limited set of high-quality, operationally embedded KPIs that evolve with the company. At early stages, the focus should be on establishing baseline visibility and simple, decision-useful indicators. As companies grow, KPI frameworks can progressively incorporate more sophisticated measures related to organisational practices, value-chain participation, and ultimately ownership and governance dynamics. This staged approach allows impact measurement to support, rather than constrain, business growth while ensuring that gender outcomes remain meaningful and actionable.

WHAT DOES "GOOD" GENDER-LENS MEASUREMENT LOOK LIKE IN PRACTICE?

Rather than expanding reporting frameworks, the more consistent message from practitioners is to focus on a small number of meaningful, decision-relevant indicators. Across our interviews, the most useful KPIs shared several characteristics: they were simple to collect, directly linked to business operations, and reflective of power, not only participation. Some illustrative examples include:

Ownership and control

- ☑ Share of equity held by women
- ☑ Presence of women founders or co-founders
- ☑ Women's representation in decision-making roles (board, executive team, investment committee)

Workforce and organisational dynamics

- ☑ Share of women on the board and at leadership levels
- ☑ Share of women across total workforce
- ☑ Retention rates disaggregated by gender
- ☑ Gender pay gap
- ☑ Promotion rates and leadership pipeline for women
- ☑ Transition of women into management or ownership roles over time

Access and value creation

- ☑ Share of women among customers, suppliers, or distributors
- ☑ Number of women integrated into higher-value segments of the value chain

Foundational practices

- ☑ Existence of basic workplace policies to promote a safe and inclusive working environment such as those covering equal opportunities and recruitment, harassment and safeguarding and flexible working.

The key is not to measure everything, but to measure what changes decisions. Indicators should evolve as companies grow but remain grounded in operational reality and aligned with how value is created. In this sense, effective gender-lens measurement is not about increasing reporting complexity, but about tracking whether women are gaining access, advancing within organisations, and, critically, gaining control over assets and decision-making over time.

RETHINKING THE GENDER LENS: FROM MODELS TO CONTEXTS

If this paper offers one overarching insight, it is that gender-lens investing in African markets cannot be reduced to a single model or checklist. Rather than a unified approach, it is better understood as a family of practices, each with distinct trade-offs, contexts, and implications for impact.

For investors, this implies a shift in mindset:

not asking *"what is the right gender-lens model?"*

but rather "*which approach fits this market, this sector, and this founder?"*

Field research highlights that different strategies serve different purposes. Ownership-focused models can drive deeper shifts in power and wealth creation but often face pipeline constraints. End-user-focused models can reach scale more easily, particularly in sectors where women participate as workers or consumers but may not shift control. Hybrid approaches offer flexibility yet require deliberate design and discipline to avoid becoming purely symbolic.

The implication is not to privilege one model over another, but to be explicit about which trade-offs are being made and why.

Context matters just as much as strategy. Gendered barriers are not uniform across the continent. The collateral constraints facing entrepreneurs in rural Uganda differ significantly from those shaping venture-backed founders in Lagos. Francophone West Africa presents distinct legal, linguistic and institutional dynamics that influence both access to capital and the design of financial instruments.

For investors, the takeaway is clear: effective gender-lens strategies must be context-calibrated, not transplanted.

This requires moving beyond imported frameworks and developing a more grounded understanding of:

- local asset ownership structures
- sector-specific capital needs
- regulatory and legal environments
- and the lived realities of founders operating within them

Ultimately, avoiding a one-size-fits-all approach is not only about improving impact, but also about improving investment discipline. Strategies that ignore context risk mispricing both risk and opportunity, while those grounded in local realities are better positioned to identify under-valued markets and build resilient portfolios.

Aligning the ecosystem: where systemic interventions matter most

Our fieldwork for this paper made clear that no single fund, instrument or intervention can close the gender gap in African capital markets on its own. What matters is how different actors work together and where coordination can unlock disproportionate impact.

The most promising opportunities lie in identifying leverage points within the system, where relatively small shifts in practice, if aligned across investors, intermediaries and ecosystem actors, can significantly expand who gets seen, funded and supported. Several such intervention areas emerged consistently from our interviews and investor mapping.

FROM INVESTMENT READINESS TO INVESTMENT ACCESS: BUILDING CONNECTED PIPELINES

The gap between acceleration programmes and actual capital access remains one of the most persistent inefficiencies in the ecosystem. Too often, entrepreneurs are trained, mentored and prepared, yet never connected to capital.

Closing this gap requires rethinking investment readiness as part of a coordinated pipeline, not an isolated activity. Effective models link capacity-building directly to:

- investor introductions and matching
- financial modelling and investment preparation
- legal literacy and term-sheet readiness

Crucially, this requires active collaboration

between ecosystem builders and investors, ensuring that readiness programmes are designed around real investment criteria, not abstract capacity building.

VENTURE STUDIO AND INCUBATION MODELS

Venture studio models, such as Delta 40, were repeatedly cited as examples of what systemic alignment can look like in practice. By combining ideation support, stipends, childcare considerations, and eventual investment, these models address multiple barriers simultaneously: pipeline, time poverty, and early-stage risk.

Scaling such approaches would require **blended support from DFIs, philanthropic capital and private investors**, recognising that early-stage pipeline building is both resource-intensive and system-critical.

More broadly, these models illustrate a key principle: technical assistance is most effective when it is **embedded, continuous and directly linked to capital deployment**, rather than delivered as a standalone input.

WOMEN IN INVESTMENT DECISION-MAKING

Across our interviews, entrepreneurs consistently identified one signal of trust above all others: the presence of women in real decision-making roles, as partners, investment committee members and capital allocators.

This is not only a question of representation, but of how decisions are made and what is valued in those decisions. Increasing women's participation at these levels is therefore not only an equity objective, but a market efficiency intervention, one that expands pattern recognition, reduces bias and broadens the definition of investable opportunities.

Critically, this requires moving beyond advisory or symbolic roles toward **positions with voting power and capital allocation authority.**

CLOSING THE KNOWLEDGE GAP ON CAPITAL

A striking number of entrepreneurs reported never engaging with institutional capital simply because they did not know how to access it or assumed it was not meant for them.

This suggests that the "pipeline problem" is not only about supply, but also about **information asymmetry and visibility**.

Addressing this does not necessarily require new capital, but better coordination and transparency across existing actors. Simple measures, such as clearly communicating investment criteria, ticket sizes, sector focus and application processes can significantly expand the pool of visible and prepared founders.

Complementing this with **accessible guidance and relatable success stories** can further shift perception, helping women founders see themselves not as exceptions, but as legitimate participants in capital markets.

These interventions are individually valuable, but their impact depends on coordination. Investment readiness without capital remains theoretical; capital without pipeline remains under-deployed; and both are weakened without inclusive decision-making structures. The opportunity, therefore, is not only to improve individual practices, but to align them, so that capital, capability, and access reinforce each other rather than operate in isolation.

OPES-LCEF AS A HYBRID, MINIMUM-THRESHOLD GENDER INVESTOR

OPES-LCEF has invested in East Africa since 2013. Our journey started like many other Global North-based impact investors – investing in expat teams working to improve the lives of the low-income population. In recent years, we have aimed to transform the impact investing scene in East Africa by having a local team focusing on identifying early stage ("the missing middle") female founded or co-founded enterprises working in the intersection of climate, gender and impact.

To work towards a better power balance in the African scenario, OPES-LCEF requires investees to have at least one woman co-founder with a significant stake in the company and active in management while also targeting end-user and employment outcomes. This minimum ownership-based gender threshold goes beyond standard 2X-style workforce metrics and anchors women's formal stake in value creation and governance. OPES-LCEF deploys catalytic capital across agribusiness, clean energy, circular economy, and water/sanitation through a blended stack of equity, quasi-equity and concessional instruments, typically in the $100,000 – $250,000 range.

This positioning places OPES-LCEF at the "scaler" end of the ecosystem, backing enterprises that are too early, too small or too experimental for mainstream growth equity but already beyond the reach of grant-only programmes. Its model combines flexible capital with embedded technical assistance and close portfolio engagement.

The entrepreneurs we interviewed for this research consistently emphasised that this proximity between investor and investee matters not only for operational problem-solving, but also for navigating power imbalances in negotiations with later-stage investors coming in after the initial investment

Entrepreneurs we interviewed described three forms of technical assistance as particularly valuable. First, hands-on support in building robust financial models and management information systems so that they can negotiate future rounds from a position of confidence rather than dependency. Second, governance and board-level coaching, including preparation for investor meetings and term-sheet review, which helps women founders retain a meaningful voice even when they do not hold majority equity, and strengthening governance through the appointment of independent board members. Third, market-access support and strategic introductions to downstream buyers and subsequent investors, which can significantly shorten the time women spend in the "missing-middle" limbo between proof-of-concept and growth capital.

At the same time, this research surfaced structural challenges for OPES-LCEF and similar funds. First is the missing-middle gap: portfolio companies that graduate from $50,000 – $200,000 tickets often struggle to secure the $250,000 – $2 million follow-on capital they need, especially if they operate in asset-heavy or slower-scale sectors such as agriculture and waste management. Second is the mismatch between complex impact-reporting frameworks and the administrative capacity of early-stage enterprises: founders frequently reported that gender and impact metrics were important but became burdensome when they resembled donor reporting rather than lean, decision-useful indicators. Third is the difficulty of maintaining gender-ownership integrity in contexts where women's formal control of assets is constrained by marital property regimes, inheritance norms or business-registration practices.

In practice, ownership structures do not always fully reflect how businesses are built and managed. Our interviews suggest that women may play leading operational and strategic roles even when formal ownership or asset structures are more complex. Under such conditions, rigid ownership thresholds can create unintended frictions: they may exclude otherwise viable enterprises or fail to capture where decision-making power effectively resides. OPES-LCEF's co-founder threshold approach offers a more flexible entry point, but it still requires careful due diligence to assess governance roles, decision-making authority, and alignment within founding teams.

These tensions underscore a broader theme of this paper: ownership-centred gender-lens investing is both more transformative and more demanding than end-user-only models. It requires fund managers to interrogate not just who appears on the cap table, but who negotiates contracts, signs for loans, and decides on hiring or exit options. For early-stage funds like OPES-LCEF, the challenge and opportunity lie in pairing catalytic capital with power-aware technical assistance and in advocating, alongside entrepreneurs, for financial instruments and banking practices that recognise women's economic agency even when formal asset ownership lags behind.

INSIGHTS FROM OUR INTERVIEWS

Taken together, our interviews ('Voices from the Field' in this paper) highlight a consistent pattern: the primary constraint facing women-led enterprises is not simply access to capital, but the **alignment of capital with business realities**.

Across sectors, from aquaculture to agri-processing and climate technology, founders navigated not a single barrier, but a combination of structural constraints: limited access to collateral, mismatched financial instruments, fragmented technical assistance and investor expectations that did not always reflect operational timelines. In many cases, entrepreneurs were able to secure some form of funding, but often at the cost of taking on disproportionate risk or adapting their business to fit available capital, rather than the other way around.

A second, equally important insight is that **not all capital is experienced equally**. Founders consistently distinguished between investors who provided aligned, practical support and those whose involvement added complexity without corresponding value. As one entrepreneur put it: *"Capital alone is not differentiating. Strategic alignment… is."*

This distinction was particularly visible in the role of technical assistance. When embedded and responsive to business needs, it strengthened decision-making and unlocked growth. When poorly designed, it became an additional layer of reporting and administrative burden – effectively extracting time and energy from already constrained teams.

Finally, the cases reveal that gender-lens investing, while increasingly visible, does not automatically translate into trust or improved outcomes. As one founder noted: *"Just the fact that gender lens is there… does not automatically build trust."*

What matters is how gender considerations are reflected in practice: in ownership structures, in decision-making power, in capital design, and in the everyday experience of working with investors.

Taken together, these insights suggest that the next phase of gender-lens investing will depend less on expanding capital supply alone, and more on improving **how capital is structured, deployed and aligned** with the realities of the businesses it aims to support.

Cross-cutting lessons for technical assistance and capital design

Across these interviews, entrepreneurs consistently described technical assistance as either a critical enabler or, when poorly designed, an additional burden layered on to already constrained resources.

Where technical assistance worked well, it shared several identifiable characteristics. It was **co-designed with founders**, rather than pre-packaged; it focused on a **small number of high-leverage capabilities**, such as financial management, governance and market access; and it was **sequenced alongside capital**, evolving with the company's stage rather than delivered as one-off interventions.

In practice, this meant hands-on support: building financial models together, preparing founders for investor negotiations, or translating term sheets into clear, accessible language. In contexts where many women founders lack access to in-house legal or financial expertise, this type of embedded support was repeatedly described as one of the most valuable contributions an investor could make.

By contrast, technical assistance that felt disconnected from immediate business needs was experienced as extractive rather than enabling. Founders pointed to long workshops with limited operational relevance, complex impact-reporting requirements resembling donor compliance, and advisory conditions attached to partial or insufficient funding. In these cases, technical assistance did not reduce uncertainty, it **shifted additional administrative and cognitive load on to founders**, often without corresponding value.

The Rio Fish example illustrates this dynamic particularly clearly. "Accountability without

adequate resourcing" meant that performance expectations were set against a fully funded growth plan, while capital was delivered in significantly smaller tranches. The result was not resilience, but overextension – long working hours, deteriorating health and heightened personal risk borne by the founder rather than shared by the investor.

This contrast suggests that the effectiveness of technical assistance is not a question of volume, but of alignment. Technical assistance creates value when it reduces friction in decision-making, strengthens negotiating power and complements the realities of the business. It becomes counterproductive when it operates as a parallel reporting or compliance system detached from operational priorities.

Beyond technical assistance design, these cases also point towards a broader notion of what might be called **"power-aware" investing**. In practice, this includes:

- structuring instruments that **protect women's governance roles**, even where equity stakes are minority
- using **blended finance** to absorb downside risk, rather than transferring it through dilution or restrictive terms
- calibrating **impact measurement frameworks** to the maturity and capacity of investee companies

At a deeper level, it also raises questions about how power is distributed within the investment process itself. Who defines what "performance" looks like? Who sets the terms of accountability? And who ultimately bears the cost when capital is only partially deployed?

THE OWNERSHIP ILLUSION: WHEN MEETING 2X IS NOT ENOUGH

The 2X Criteria provide an important and increasingly sophisticated framework for identifying gender-smart investments. However, qualification against one or more criteria should not automatically be equated with transformative gender impact.

A company may, for example, meet the employment criterion by reaching the applicable country- and sector-specific threshold for women's participation in the workforce and implementing at least one quality-employment measure beyond legal compliance, while many women may still occupy low-paid positions with limited opportunities for influence.

Similarly, a company may qualify if its products are considered to specifically benefit women and/or contribute to gender equality, such as improving women's access to healthcare or providing financial services or childcare, even where women have little or no role in the company's ownership or decision-making.

It may also qualify meeting the applicable threshold for women's representation in senior leadership, even where women hold no equity or formal decision-making power.

These are meaningful steps forward. But they also raise a broader question: **to what extent do these criteria change who owns assets, who builds wealth, and who ultimately controls capital allocation?**

Consider two scenarios.

1. A male-owned agribusiness employs a predominantly female workforce and serves women customers.
2. Another company has 30% women with voting rights on its board, yet ownership remains concentrated in the hands of a single male shareholder.

Both may meet one or more 2X Criteria. But in such cases, **where does control actually sit, and what, if anything, shifts for women beyond access?**

This paper refers to this tension as a possible **"ownership illusion"**: a situation where investments appear gender-positive through employment or consumption metrics, while underlying ownership and governance structures remain largely unchanged.

Data from 2X Global & Sagana (2024) offer a point of reflection. While fund managers surveyed for their survey reported that on average 69% of their portfolio companies met the 2X Criteria, only 45% of their portfolio companies were majority female-owned or include a female co-founder.

What might explain this gap?

Does it reflect a trade-off between scale and depth of impact or something else?

Practitioners themselves describe this tension in different ways. Some emphasise the importance of ownership as a safeguard against "fronting" (when a male-led business puts a woman at the forefront) and as a pathway to long-term wealth creation. Others highlight the practical constraints: focusing strictly on ownership may limit pipeline, especially in markets where structural barriers have already reduced the number of investable women-led businesses.

This raises a strategic question for investors:

where should the balance lie between reach and depth?

Is it preferable to reach more women as employees and consumers, or fewer women as owners and decision-makers or is there a way to do both?

Some of our case illustrations show how this tension appears in portfolio data. Many funds achieve 2X alignment through employment or end-user lenses, while fewer consistently channel capital into women's hands as owners.

Rather than suggesting a single answer, this invites a broader reflection:

should existing frameworks be complemented by a more explicit focus on ownership and control?

If so, what might that look like in practice?

- How can investors better distinguish between **access** (jobs, services) and **control** (ownership, governance, capital allocation)?
- Should different dimensions of gender impact be **weighted differently**, and if so, by whom?
- What would it take to ensure that women in leadership roles also hold **meaningful decision-making power**, not only representation?
- How can frameworks guard against situations where formal ownership does not reflect **real control**?

Alongside 2X, tools such as the Gender Equality Spectrum offer a more gradual way of thinking about progress, from gender-negative to gender-transformative.

Could a more longitudinal perspective help investors better understand whether change is deepening over time, rather than simply meeting a threshold at entry?

Measurement itself introduces another layer of complexity. As some practitioners note, tracking outcomes for beneficiary-focused investments can be difficult, particularly when attribution is unclear.

Does this create an unintended bias towards metrics that are easier to measure, such as employment or leadership, rather than those that may be harder, but more transformative, such as ownership?

Ultimately, these questions point to a broader reflection for the field:

If meeting 2X is a starting point, **what should come next?**

And how can investors ensure that gender-lens strategies do not only expand access, but also contribute, over time, to shifts in ownership, governance, and wealth creation?



ANNEXES
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METHODOLOGY

Data, scope and approach

This report combines three complementary sources of evidence: a mapping of gender-lens investors active in Africa, a review of existing data on gender and capital flows on the continent, and qualitative insights from field interviews with women entrepreneurs, fund managers and ecosystem experts. Together, these three lenses allow the report to move between the aggregate picture and the lived experience of those navigating African capital markets on a daily basis

SCOPE

The analysis is anchored in an examination of the OPES-LCEF portfolio, which serves as an empirical starting point, but the findings are contextualised against the broader ecosystem rather than limited to a single institution.

The continent is not treated as a uniform market. Many gender-lens investors operate across multiple countries or sub-regions, and capital deployment patterns vary significantly between East Africa, West Africa, Southern Africa and francophone markets. The mapping therefore preserves sub-regional and country-level granularity where data allow, while fund jurisdiction, which is more geographically concentrated in hubs such as Kenya, South Africa and Nigeria, is distinguished from the broader geographic reach of investment activity.

DATASET CONSTRUCTION AND INVESTOR SELECTION

The core empirical foundation of this paper is a manually constructed, structured dataset of 85 gender-lens funds and facilities active in Africa, compiled specifically for this research with fund sizes ranging from under $10 million to over $7 billion. Of these 20 were analysed in detail.

Investor inclusion followed three primary criteria:

1. **Active deployment or catalytic involvement in African markets**, either through direct investment, fund-of-funds activity, guarantees, technical assistance linked to capital deployment, or ecosystem-building mechanisms tied to investment outcomes.
2. **Explicit articulation of a gender-lens, gender-smart, or gender-intentional investment approach**, as evidenced through public mandates, investment criteria, portfolio disclosures, or alignment with recognized frameworks such as the 2X Challenge.
3. **Institutional relevance**, including private funds, impact investors, development finance institutions (DFIs), blended-finance vehicles, intermediaries, and structured platforms that influence capital allocation decisions.

The dataset was constructed using **publicly available and verifiable sources**, including:

- official investor websites and strategy documents,
- annual and impact reports,
- ecosystem reports by recognised institutions (such as AVCA, World Bank, UN agencies, WEF),
- and, where applicable, standardised frameworks such as the 2X Criteria.

No proprietary deal-level data or confidential investment information was used. Where information was incomplete or inconsistently disclosed, this was recorded explicitly rather than inferred.

The resulting dataset is therefore descriptive and structural in nature, designed to map how gender-lens investing is articulated and operationalized across investors, rather than to evaluate performance or impact outcomes at this stage. Given uneven reporting standards, limited public disclosure, and varying definitions of gender-lens investing across institutions, the mapping should be understood as indicative rather than fully comprehensive.

QUALITATIVE FIELD RESEARCH

Alongside the quantitative mapping, this paper draws on original qualitative research conducted through 29 semi-structured interviews carried out in Nairobi, Kenya, during early 2026, with additional online interviews. The interviewees comprised three groups:

- Women entrepreneurs running active businesses across sectors including agribusiness, clean tech, healthcare, and consumer goods, at stages from early growth to scale-up
- Fund managers and investors applying gender-lens or gender-smart mandates in African markets
- Ecosystem experts and advisors working on gender finance, impact measurement, and investment readiness

Interview questions were tailored to each group but covered common thematic areas: barriers to capital access, experience of fundraising processes, instrument preferences, trust in gender-lens investors, and views on what the ecosystem lacks. All interviews were conducted in English. Most of the quotes used in this paper have been lightly edited for clarity and anonymised.

The interviewees were:

- Niharika Agarwal, Intellecap
- Sylvia Natukunda Byensi, Farm Reap Ltd
- Andia Chakava, Graca Machel Trust / Afrishela
- Linda Davis, Giraffe Bioenergy
- Starlin Farah, Ecodudu
- Tom Fox-Chapman, Manufacturing Africa
- Bridget Fury, Advisor, Five35 Ventures
- Keroy Gakwaya King, Sunshine Financial Services Limited
- Louisa Gathecha, Bottle Logistics
- Laila Kassam, Grassroots Business Fund
- Elana Laichena, Delta 40 and Flowt
- Modester Luksya, BRAMO Tech
- Jane Maigua, Exotic EPZ
- Faith Makena, Grassroots Business Fund
- Madhuri Mukherjee, The Bridgespan Group
- Madaline Mungei, BoxFish
- Kanini Muthoni, DRK Foundation
- Fiona Mwesigwa, Darkon 614
- Etienne Ndatimana, IDH Foundation
- Grace Francoise Nibizi, SaCoDe
- Mwihaki Njehu, Grace Rock
- Keziah Njeri, VestedWorld
- Angela Odero, Rio Fish
- Oumar Onyango, Pathfinder International
- Daphne Pit, Pit Pure Power
- Tatiana Teixeira, Afrowema
- Anthony Wafula, AMPLIFY Girls
- Waithera Wambugu, Scientist and entrepreneur
- Catherine Wanjoya, Genesis Care

LIMITATIONS AND DATA GAPS

This research design entails several important limitations. The dataset relies on self-reported and publicly disclosed information, which varies significantly in depth, clarity, and comparability across investors. The mapping captures stated strategies and structural features, not realised outcomes. Gender definitions are not uniform across institutions. And the paper does not quantify capital volumes or returns at the investor level.

The qualitative findings are exploratory rather than statistically representative. They surface recurring patterns and signal systemic dynamics but are not designed to support causal claims.



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