



investing in women

Defining our strategic lens

Since we began operations in 2006, investing in women has been a fundamental part of MCE's mission. **In fact, over 70% of the people reached by our investments have been women.** Our ethos is rooted in the conclusive evidence that equal access to opportunities for women leads to enhanced productivity, business success, and improved development outcomes.

By elevating our focus on women to a comprehensive, cross-cutting lens, we intend to enhance our gender impact by examining gender balance at three levels:

- **End beneficiary-level:** We will continue to measure and evaluate operational and impact data at the end beneficiary-level to ensure that our portfolio companies are serving and empowering women.
- **Investee-level:** We will measure and evaluate the gender balance of our portfolio companies' employees and leadership teams, in addition to assessing if and how their products and services are designed with women in mind.
- **MCE-level:** We believe it is important to model gender balance for others, and will continue to strive toward equal representation in our staff, Board, and Loan Committees.

Investing in women is essential for inclusive and sustainable economic growth. Evidence from our portfolio shows that **companies with a greater percent of female employees do a better job of reaching more women clients.** With this in mind, we will continue to expand our portfolio of women-led and women-focused businesses that actively address the needs of women across the developing world.

What is a strategic lens?

A strategic lens is designed to clarify what we prioritize in the who, the what, and the how of our work as an impact-first investor. Our strategic lenses are woven into the fabric of our portfolio and our internal culture. They reflect our ongoing commitment to move the dial on certain impact areas with intentionality and rigor.



Key metrics (2020)

61%

female end clients across our portfolio in 2020

45%

female employees across our portfolio in 2020

35%

women in leadership roles in our portfolio in 2020

15%

female founders or CEOs in our portfolio in 2020

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In addition to being managers of their own businesses, women are highly committed to the development and quality of life of their families. They are agents of change, using their income to promote the health and education of their children. Through our communal banking model, we are committed to creating opportunities for the most vulnerable entrepreneurs, primarily women, as part of the fulfillment of our mission and purpose.”

BELINDA GÓMEZ,
Head of Microfinance,
ADRA Perú (MCE client
since August 2020)

Why invest in women?

Although financial inclusion has improved over the past decade, the gender gap in developing countries persists—today, 67.5% of men have a bank account compared to only 58.6% of women. Meanwhile, **over 70% of formal, women-owned small- and medium-sized enterprises are unserved or underserved by financial institutions.** The finance gap for women-led enterprises in sub-Saharan Africa alone totals \$42 billion.

And yet, women are incredibly effective as leaders, entrepreneurs, employees, farmers, and drivers of economic growth. This is especially true in the agriculture sector. On average, women make up 43% of the agricultural labor force in developing countries, but they produce 60% to 80% of food crops. **If all women smallholders gained equal access to productive resources, their yields would rise by 20% to 30% and 100 million to 150 million people would no longer go hungry.** Addressing the gaps that women face and unlocking their potential is both a smart investment strategy and a clear way to maximize the impact of our capital.

How we do this in practice

We apply a gender lens approach to all stages of our investment process, including:

- **Deal sourcing and pipeline development:** At the earliest stages of our investment process, we prioritize companies that serve a majority of female clients and/or employ a majority of female employees. Moving forward, each member of our portfolio team will be responsible for generating 1-2 potential companies per year with female founders or a majority of women in senior leadership positions.
- **Due diligence:** In addition to gender-disaggregated data analysis during due diligence, we assess each company’s overall approach to gender impact, including specific women-related targets and policies, while taking into account the local context in which the company operates. Moving forward, we will utilize Acumen Fund’s Gender Integration Diagnostic Tool to expand our gender analysis to areas including product and service design, production, marketing and sales, and workplace structures and systems.
- **Impact measurement and evaluation:** Each year, we conduct a comprehensive impact survey that allows us to analyze gender data across our portfolio. This analysis, for example, illustrates a positive correlation between % female employees and % female end beneficiaries, which reinforces why we should continue targeting women-led businesses to maximize our gender impact.

