

CATALYZING GENDER IMPACT WITH IMPACT-LINKED FINANCE

Introducing the
Impact-Linked Fund for
Gender Inclusive Fintech

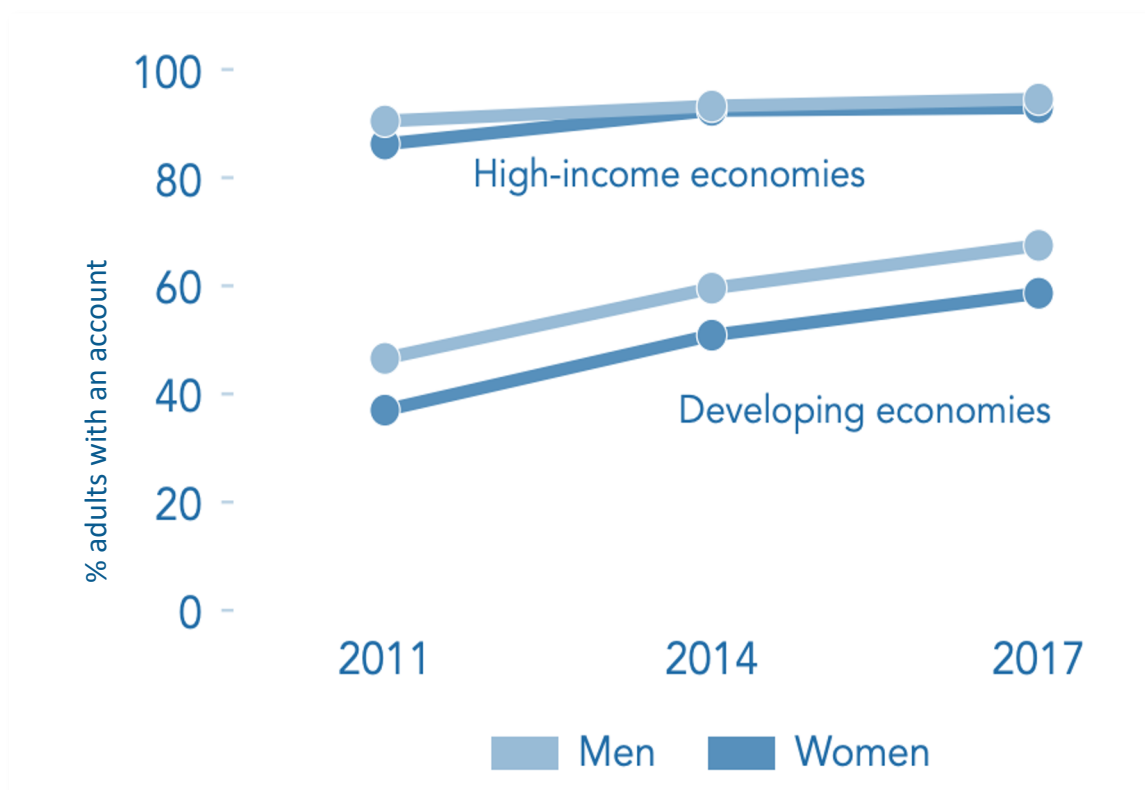


IMPACT-LINKED
FINANCE FUND





Women continue to make up the majority of the world's poor and financially excluded



Source: findex, 2017

Financial inclusion has been shown to increase female empowerment, decrease extreme poverty, and have positive effects on education, healthcare, and nutrition.

And yet, in developing economies, the gender gap has remained constant since it was first measured in 2011.



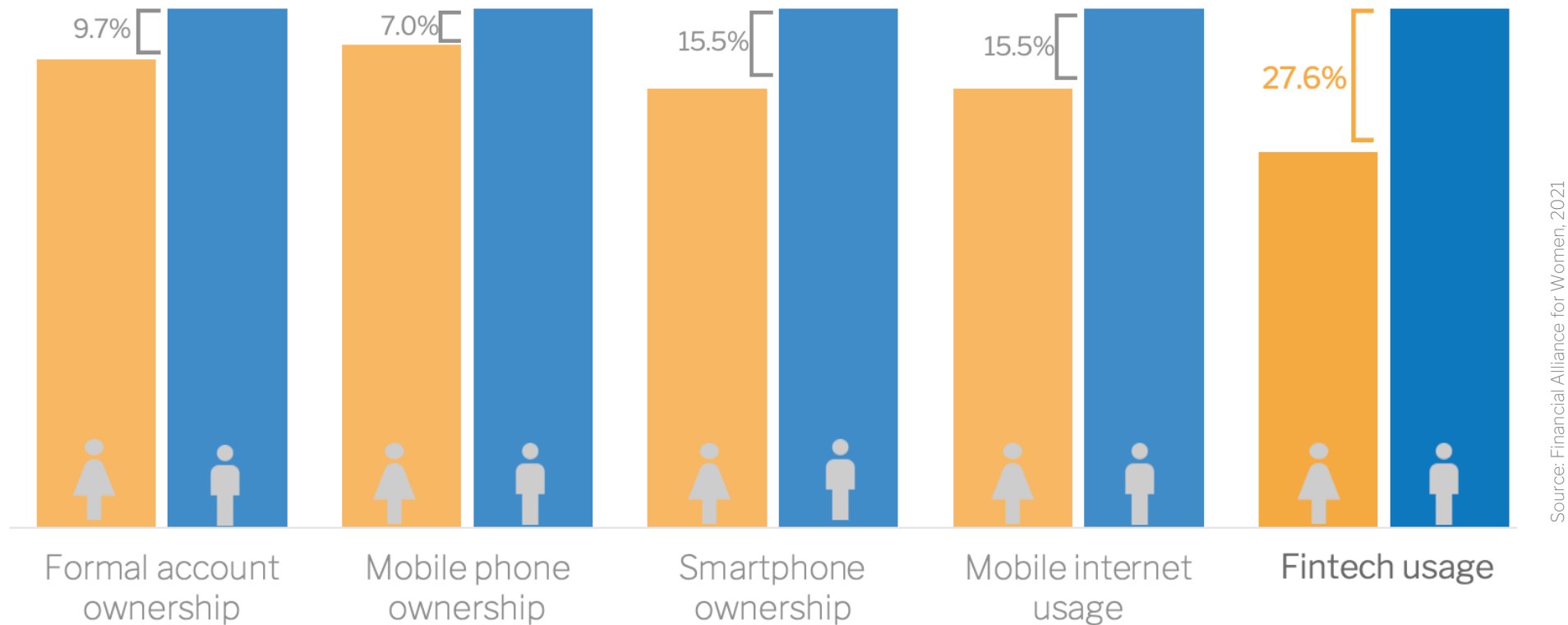
Inclusive fintech
solutions in emerging
markets have the
power to close
financial inclusion
gaps

by accelerating
cost-effective
and convenient
access to
financial services
for women





And yet, the gender gap in fintech uptake remains significant



Many fintechs tend to focus on targeting early tech adopters, largely perceived to be men, unintentionally ignoring the needs and preferences of female clients.



The capital-impact mismatch

1. With investors nudging fintechs to target the easiest-to-reach segments, underserved female clients get left behind

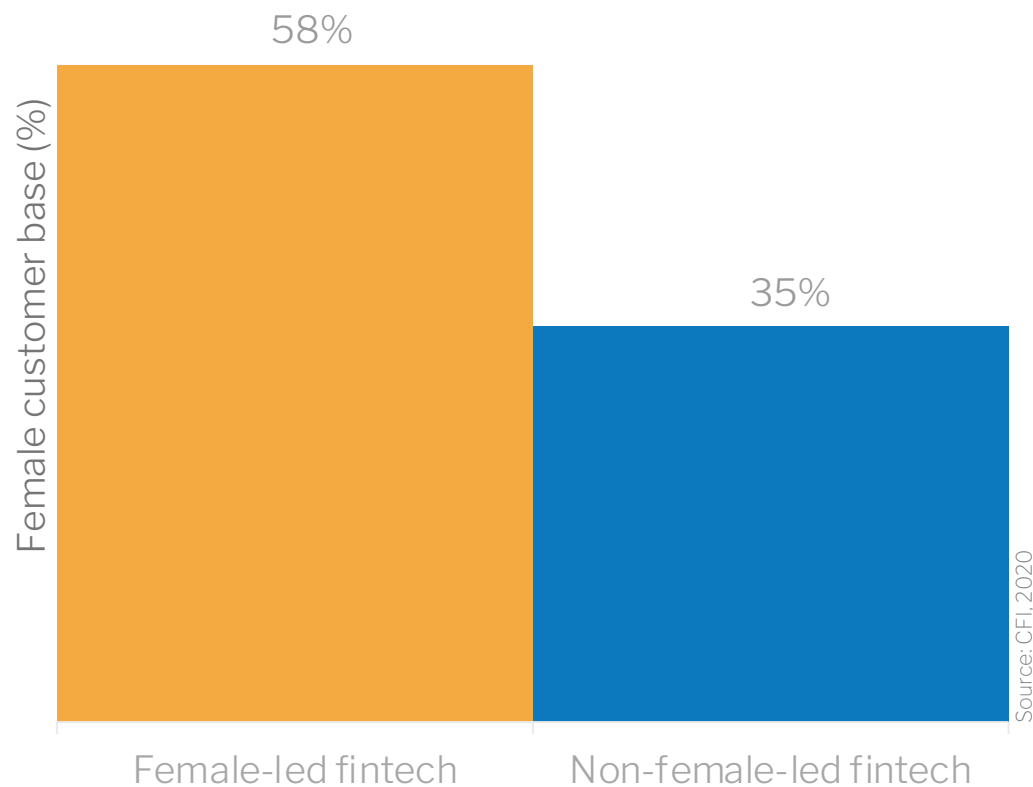
While women are commercially attractive fintech customers in the long term, in the short term they are often associated with lower profit margins and slower growth.





The capital-impact mismatch

2. Gender-transformative fintechs are often underfunded



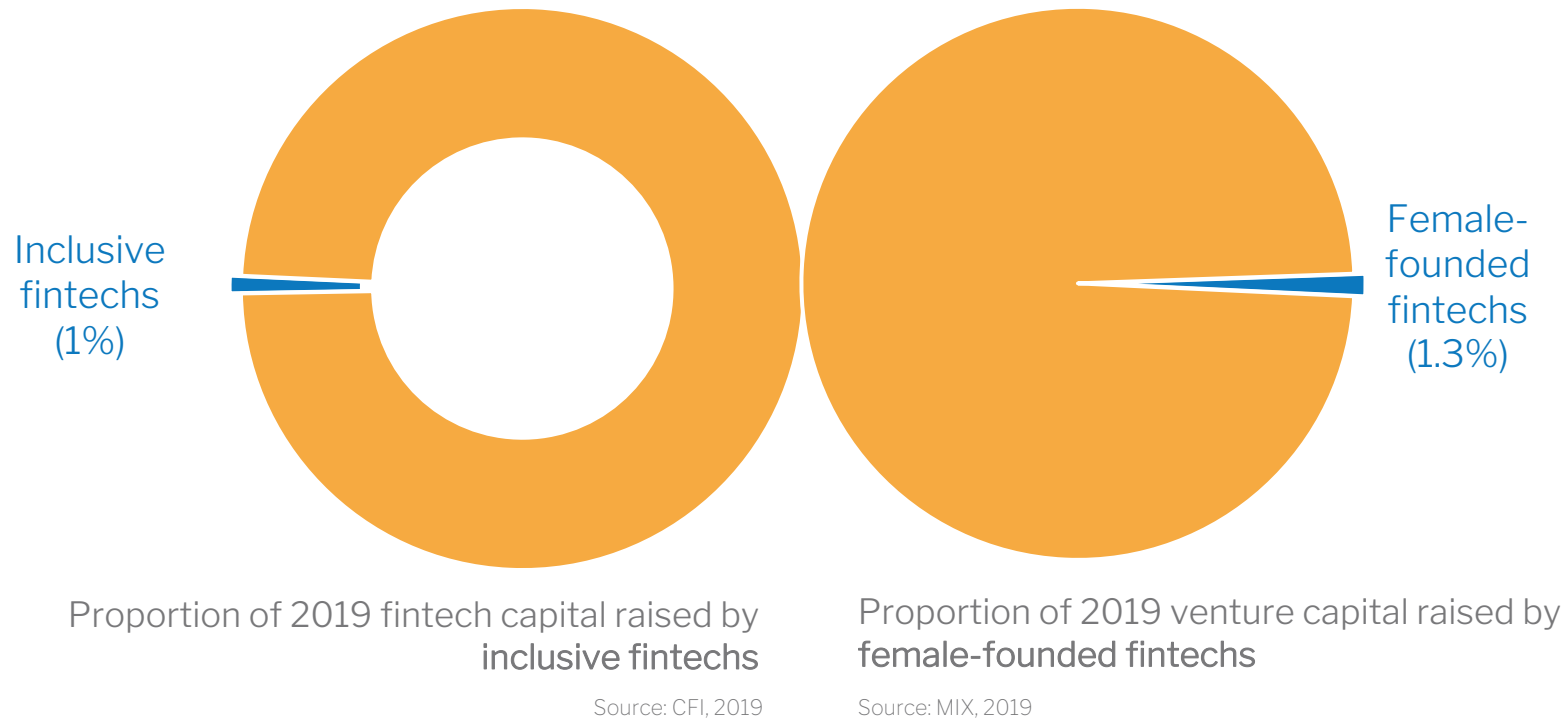
Female-led and inclusive fintechs have consistently been found more likely to target female clients...



The capital-impact mismatch

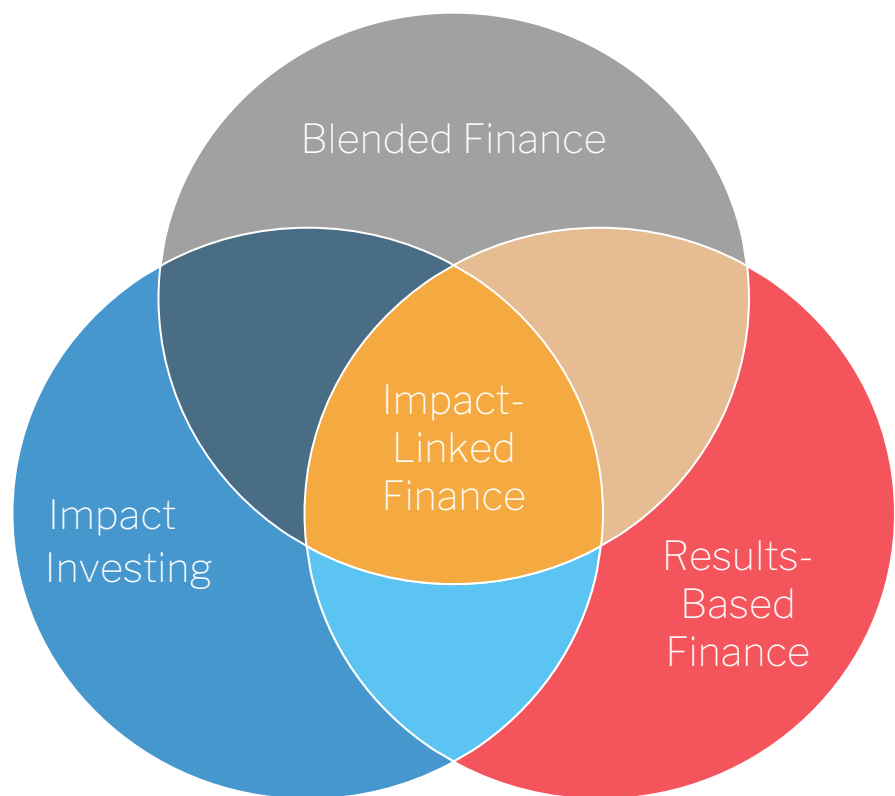
2. Gender-transformative fintechs are often underfunded

...but find it more difficult to raise the capital needed to scale their businesses





Impact-Linked Finance holds the potential to resolve this dilemma, aligning incentives to better serve marginalized women



- When enterprises create positive externalities in the form of social value, this impact on society is generally not compensated or rewarded in any way
- There is thus no incentive to (re-)focus business models on deepening impact, especially when trying to attract commercially-focused investors
- Impact-Linked Finance corrects for this market failure by pricing and rewarding positive outcomes
- The additional or saved revenue from Impact-Linked Finance also improves the commercial viability of the enterprise, attracting further investment that enables the business to grow and scale, magnifying their impact even further



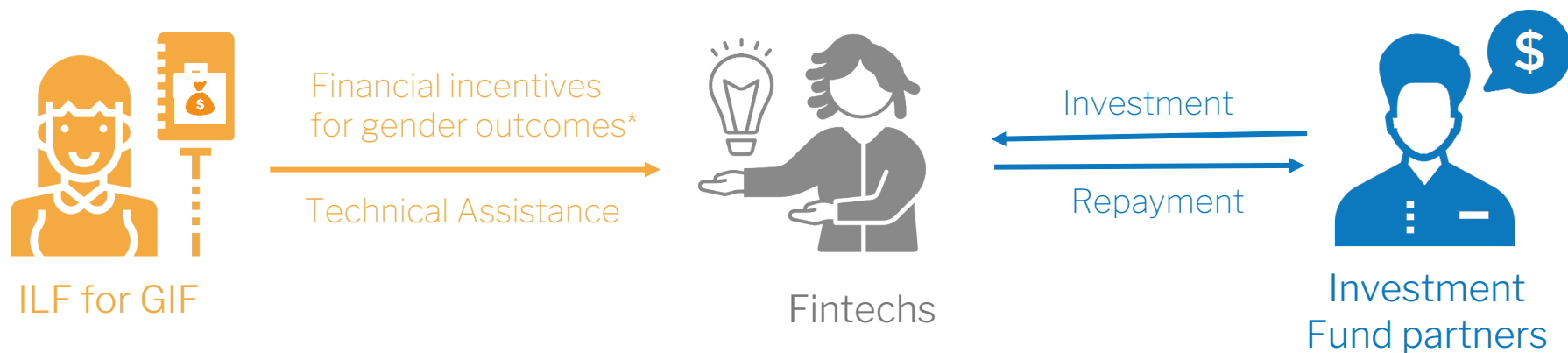
The Impact-Linked Fund for Gender Inclusive Fintech

The ILF for GIF provides Impact-Linked Finance and technical assistance to fintechs to incentivize a stronger focus on gender transformative outcomes for financial inclusion





How the ILF for GIF works



* Confirmed by an independent verifier

- Fintechs are directly rewarded with financial incentives for achieving social impact, improving their profitability, which in turn helps to attract additional investment to scale.
- An independent verifier ensures that all impact data collected and consolidated is correct.
- Incentive payments may be made directly to the fintech or embedded into investment terms.



Addressing the capital-impact mismatch

The Impact-Linked Fund for Gender Inclusive Fintech addresses the capital-impact mismatch through a two-pronged, holistic approach:

Incentivizing fintechs to deepen their focus on gender.

For fintechs well positioned to scale, Impact-Linked Finance offers support and incentives to tailor their solutions to the needs of marginalized women.

INCENTIVIZING A
DEEPER GENDER-
LENS APPROACH

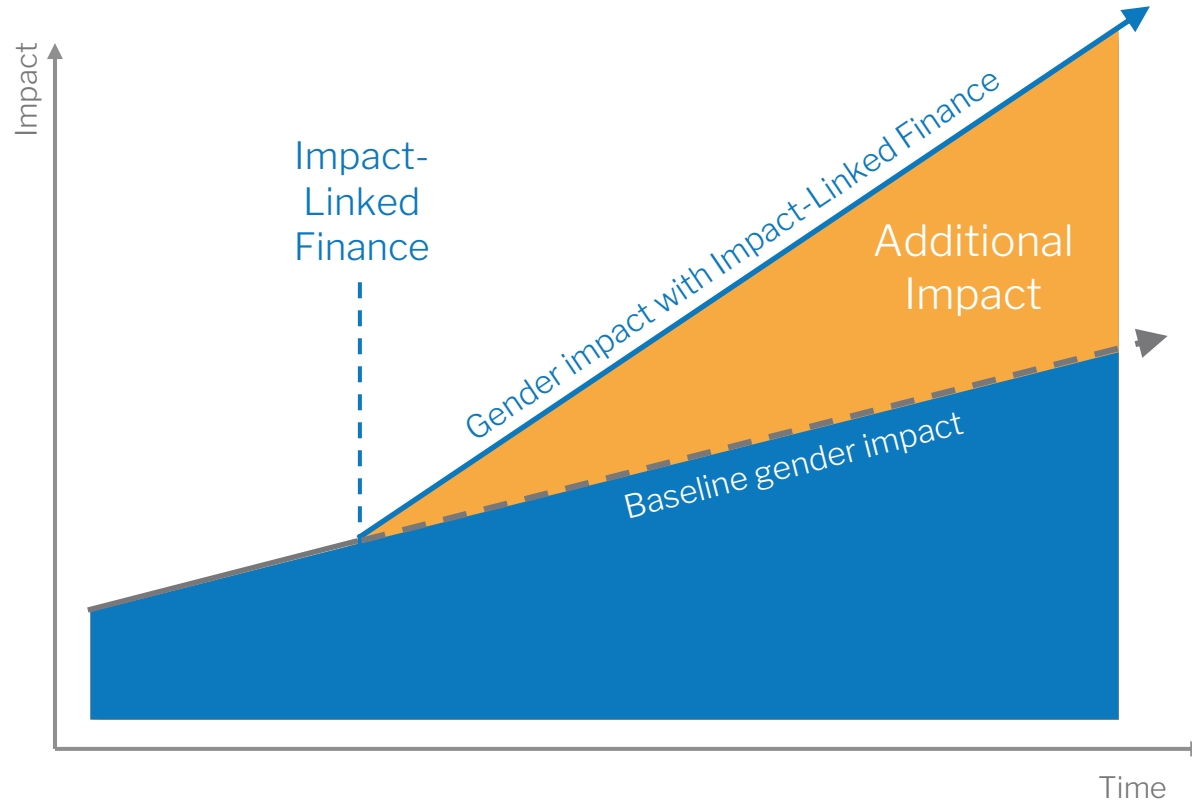
SCALING GENDER-
TRANSFORMATIVE
FINTECHS

Catalyzing finance for gender-transformative fintechs.

For fintechs with an existing focus on gender, Impact-Linked Finance provides a boost in revenues that assists fintechs in securing investment, enabling them to scale and deepen their impact.



For fintechs who are poised to scale and attract investment

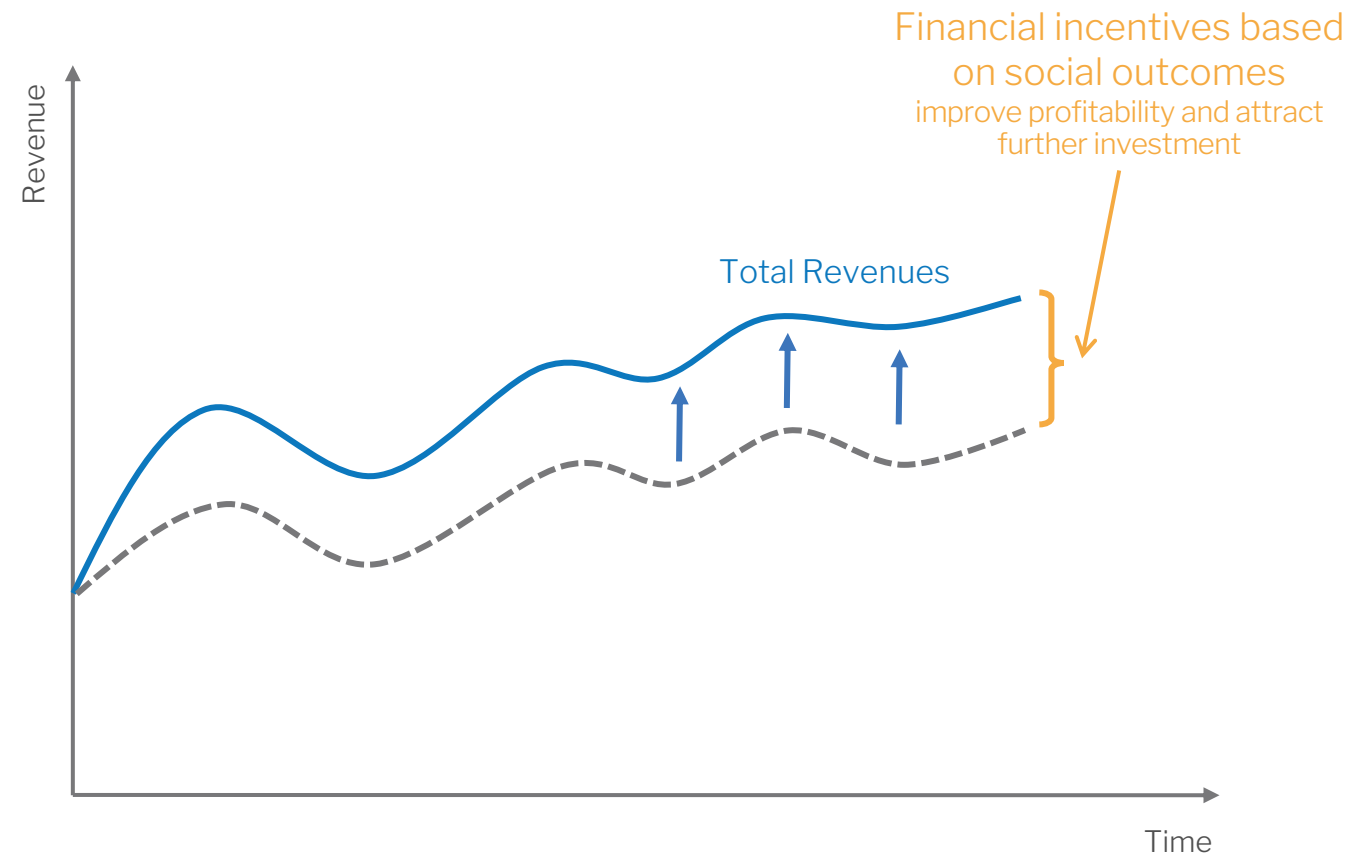


The ILF for GIF provides targeted financial rewards to (re-) orient their products and services towards the needs of women



For fintechs best positioned to serve marginalized women

The ILF for GIF provides financial incentives tied to achievement of gender outcomes, thereby improving commercial viability and attracting investment





ILF for GIF Fact Sheet



Target
geographies

Sub-Saharan Africa, MENA, and Asia



Fund Size

First close: \$13.4m
Second close: \$21m
Total blended fund size: \$100m



Transaction
size

Investment sizes: \$500k-\$5m per transaction
Financial incentives: \$200k-\$1m per investment



Target
enterprises

Investment ready, early- to growth-stage fintechs who meet at least one of the 2X Challenge Criteria, with high (additional) impact potential and a corresponding growth plan. Fintechs must be willing and able to measure impact metrics (with support). Special focus will be given to fintechs with the ability to serve vulnerable women, such as migrants.





Key Features



Crowding-in the private sector

For every dollar of impact-linked capital provided, the Fund will **catalyze additional private sector investment** through renowned impact-oriented Investment Manager partners.



Creating scalable sectoral impact

The ILF for GIF will **build core partnerships with Ecosystem Enablers**, such as incubators/accelerators, venture builders and intermediaries, specifically focused on marginalized women.



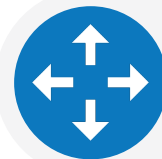
Technical Assistance

Technical assistance will be available to fintechs and ecosystem enablers, and will include Impact Measurement & Management, gender-specific interventions & action plans, and migration-related support



Research, learning, & knowledge sharing

As a first-of-its kind facility, the ILF for GIF will focus on **generating and sharing lessons**, providing a blue-print for other gender-smart financing solutions, Impact-Linked Finance structures, and related support.

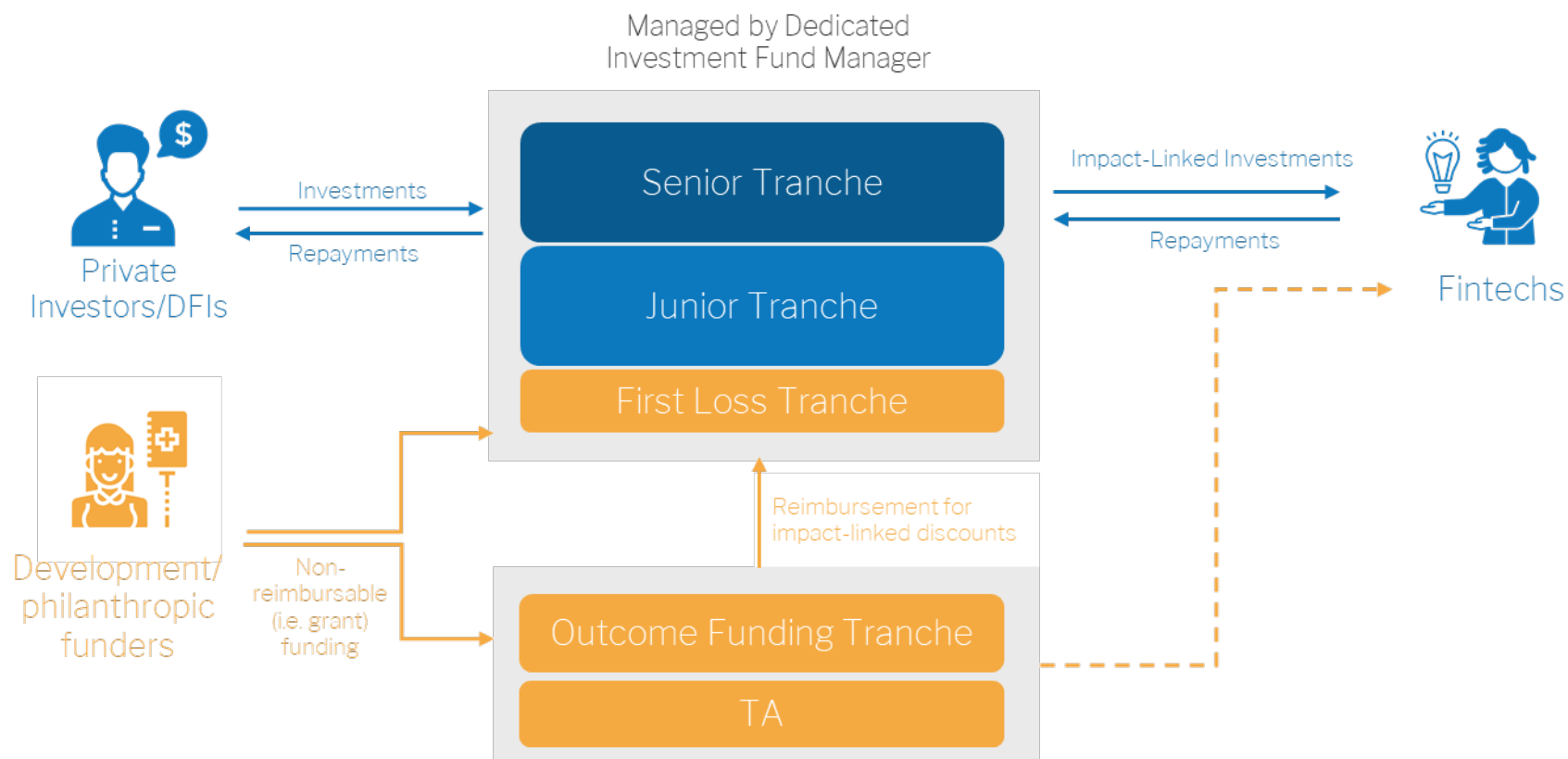


An empowering, locally-driven paradigm shift

The structure of the ILF for GIF shifts decision-making power to local partners who target impact objectives with **locally-developed, contextually relevant solutions**, rather than prescribed aid or support.



Long term vision: Scaling towards a dedicated blended finance fund



In the long-term, the ILF for GIF aims to become a fully-fledged blended finance fund, incorporating a dedicated Impact-Linked Finance tranche, with the goal of **channeling private sector funding towards gender-transformative impact**



Implemented in partnership with renowned, experienced impact players

Core funders



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC



**Austrian
Development
Agency**

Trustee



**IMPACT-LINKED
FINANCE FUND**

The [Impact-Linked Finance Fund](#) is a non-profit foundation according to Dutch law (Stichting) that applies Impact-Linked Finance instruments to support high-impact organizations to improve their positive impact and deliver gender-responsive and sector specific development outcomes.

Facility Managers



**Roots
of Impact**

[Roots of Impact](#) is a specialized advisory firm dedicated to making finance work for positive impact on people and the planet. As pioneers of Impact-Linked Finance, Roots of Impact is passionate about the most effective use of public funds and catalytic capital.



iGRAVITY

[iGravity](#) is an advisory and investment management firm on a mission to build a more equitable and sustainable financial system. The team works at the intersection of finance and development with both public and philanthropic actors as well as financial investors.

Ecosystem Enablers



Women's World Banking

[Women's World Banking](#) provides strategic support and advisory services and generates insights and evidence to a network of 60 diverse financial service providers serving more than 92 million women clients.



VillageCapital

[Village Capital](#) is the largest organization in the world supporting impact-driven, seed-stage startups.

Investors



**BAMBOO
CAPITAL PARTNERS**

[Bamboo Capital Partners](#) is an impact investing platform providing innovative financing solutions to businesses in emerging markets serving the needs of low- and middle income populations, thus catalyzing lasting impact.



**Women's World Banking
Asset Management**

[Women's World Banking Asset Management](#) manages two funds with an explicit priority on gender. Both funds emphasize creation of value by focusing on advocacy and technical assistance in addition to finance.



Driven by a core team with deep and diverse impact and finance expertise

Project Lead
(South Africa)



Natasha
Dinham

Natasha is the Lead of Advisory and Executive Education at Roots of Impact. As the former Lead of Innovative Finance at UCT's Bertha Centre, Natasha has experience launching and managing impact funds, convening the impact ecosystem, and generating & sharing knowledge around impact investing. Natasha has experience sitting on multiple investment and advisory committees of SME funds globally.

Ecosystem
Engagement &
Management
(Kenya)



Anne
Katrine
Buch
Vedstenes

Anne Katrine is responsible for the iGravity impact management framework and tool, which includes impact screenings, peer-group based impact assessments, on-going impact monitoring, and impact measurement and reporting on a portfolio level. Her experience includes, translating impact objectives into investment lenses and strategies, formulating theories of change for social enterprises, creating long-term frameworks for impact evaluations, and developing and implementing impact-based business models.

Partnerships
(Switzerland)



Lucas
Tschan

Lucas has over 10 years of experience in finance and impact investments. At iGravity, Lucas is responsible for the advisory offering and has been collaborating closely with many donors, NGOs, foundations and impact investors on a range of topics, such as innovative finance, impact investments, private sector engagement, and different thematic research studies.

Governance &
Strategy
(Europe)



Björn
Strüwer

Björn has more than 20 years of experience in the finance sector, including 12 years at Credit Suisse as a Managing Director. With his team at Roots of Impact he developed pioneering solutions such as Impact-Linked Finance and the Social Finance Academy. He leads the Initiative for Blended Finance at University of Zurich and is Senior Fellow at the Center for Sustainable Finance and Private Wealth as well as mentor at the Harvard Kennedy School's Impact Investment for the Next Generation Program.



Patrick
Elmer

Patrick works at the intersection of finance and economic development, focusing on innovative solutions that connect households at the Base of the Pyramid with private sector and financial markets. He founded iGravity in 2017 to support disruptive ideas, entrepreneurs, visionaries, and institutions in their impact investment [ad]ventures. Previously he worked as Head of Business Development at BlueOrchard, and was Head of Philanthropy Services and Responsible Investments at Credit Suisse.



Indicative Gender Outcomes

Livelihood improvements for female clients

Cost savings as a result of fintech products/services

Improved financial literacy and stronger financial health of female clients

Improved utilization of financial products and services by women

Investment catalyzed into female-led/run fintechs

Proportion of women using financial services for economic activity

Increase in the proportion of female staff, board members, or executives

Vulnerable women served as a proportion of total client base

Reduction in cost of remittance services for women

In line with the [Design Principles of Impact-Linked Finance](#), each transaction benefits from a bespoke incentive structure, designed in partnership with the value creator.

This structure is tailored to their specific context, ensures impact additionality, and aligns incentives for all stakeholders involved.



Implementation Strategy

Phase	PHASE 1: KICK OFF			PHASE 2: SCALING IMPACT-LINKED FINANCE		PHASE 3: BLENDED FINANCE FUND
Year	2022	2023	2024	2025	2026	Beyond
Objective	Gather baseline data, formalize relationships, refine methodology, validate investment and impact thesis		Expand and mainstream the toolbox of Impact-Linked Finance instruments, expand number of transactions, widen the diversity of Impact-Linked instruments, and build experience & expertise with investor partners		Provide investors with appropriate risk-adjusted returns while generating optimized outcomes in a blended fund	
Instruments	<ul style="list-style-type: none">• Technical Assistance• SIINC		<ul style="list-style-type: none">• Technical Assistance• SIINC• Impact-Linked loans, Impact-Linked Convertible Loans, Impact-Linked Revenue Share Agreements, and Impact-Ready Matching Funds		All (impact-linked) instruments	
Role of Investment Manager partners	SIINC pipeline sourcing		Pipeline sourcing, implementing Impact-Linked Finance discounts		Dedicated partner to manage blended finance fund	
Role of Ecosystem Enablers partners	Landscape analysis and market research	<ul style="list-style-type: none">• Implementation of structured support to fintechs, including generation of pipeline• On-going evaluation of results		Potential implementation of adapted structured support to fintechs based on needs and results	Need-based ecosystem TA	



Get Involved!

Passionate about innovative ways to achieve gender-transformative financial inclusion?

As an inclusive market player, the ILF for GIF welcomes collaboration and learning from ecosystem players, including:

- [Funding partners](#) to complement the core funders
- [Research partners](#) with a focus on financial inclusion for women in emerging markets
- [Regional/local technical assistance experts](#), particularly with a focus on gender and Impact Measurement and Management
- [Impact-focused fund managers](#) investing in emerging-market fintechs, with an aligned interest in improving gender focus across the sector
- [Ecosystem actors](#) focused on gender and migration

Thank you!



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