

# HOW TO INVEST SMARTER WITH INNOVATIVE FINANCING INSTRUMENTS TO BETTER SUPPORT WOMEN-LED AND WOMEN-FOCUSED ENTERPRISES?



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## HOW TO SMARTLY USE INNOVATIVE FINANCE TO BETTER SUPPORT WOMEN-LED AND WOMEN-FOCUSED ENTERPRISES

The [Biniyog Briddhi programme \(B-Briddhi\)](#) has been playing an inspiring role in the Bangladesh ecosystem with respect to promoting the growth of impact investing and gender inclusion. Stepping into its third year of stimulating discussion on gender inclusion, the programme hosted a panel discussion on how innovative finance can unlock more capital for women-led and women-focused enterprises. This hybrid event in Dhaka (Bangladesh) on September 29th came in collaboration with Bangladesh Angels Network (BAN) and Bangladesh Women Investors Network (BWIN). Supported by esteemed speakers, B-Briddhi provided a great blend of international expertise, practices, and local know-how:

1. [Shuying Tang](#): Partner at Patamar Capital, Co-Founder & CEO at Beacon Fund
2. [Anita Ghazi Rahman](#): Founder & Partner at The Legal Circle
3. [Ridma Khan](#): Director at Bangladesh Women and Chamber of Commerce & Industry (BWCCI)
4. [Sharawwat Islam](#): Managing Director at Truvalu Enterprises Ltd

## SHIFTING THE DIALOGUE FROM THE 'WHAT' TO THE 'HOW' OF GENDER LENS INVESTING (GLI)

Gender Lens Investing (GLI) has gained momentum in the past years and rapidly grew to a value of USD 5.3Bn in 2020 according to Project Sage. Asia is an emerging hotspot. However, while the discourse in Bangladesh is largely focused on supporting female entrepreneurs or women-led businesses, GLI offers multiple lenses as an investment approach: It takes into consideration gender-based factors across the entire investment process so to better informs investment decisions and advance gender equality. Corinne Henchoz Pignani - Deputy Head of Cooperation at the Embassy of Switzerland in Bangladesh - stressed that thinking beyond female entrepreneurs and leaders is essential for GLI. She also highlighted the other 5 lenses that should be considered:

*“Incorporating a gender lens for economic or gender inclusion includes a spectrum that covers workplace equality, women as investors, women in supply chains, women in leadership, women-focused products and services, and women getting access to capital.” - Corinne Henchoz Pignani*

Keynote speaker Shuyin Tang steered the discussion from the WHAT to the HOW of GLI by spotlighting several myths around GLI and how to bust them:

### **MYTH 1** GLI IS JUST ABOUT COUNTING THE NUMBER OF FEMALE ENTREPRENEURS/WOMEN YOU'VE INVESTED IN.

**Busted:** While the aggregation of data in this context is crucial, GLI is not a 'check-the-box' exercise: Standalone quantitative numbers hardly provide information about the actual impact for women. Therefore, it is important to dig deeper: An investor should not only consider whom he or she is supporting with the investment but also the process **how he or she is sourcing deals and structuring the investment**. It is important to analyse how those numbers were achieved, what strategies were deployed, and whether the impact generated was intentional.

### **MYTH 2** MEN CAN'T BE GENDER LENS INVESTORS

**Busted:** While GLI is rooted in empowering and supporting women, it is not a 'women only' approach. Men play a critical role in harnessing the growth of GLI. According to an **IFC report** on gender diversity, private equity and venture capital funds with gender-balanced senior investment teams generated 10 to 20 percent higher returns as compared to funds that have a majority of male or female leaders. Thus, **better results can be achieved for GLI once diverse genders are engaged** and championing the conversation.

### **MYTH 3** GLI IS A 'ONE-SIZE-FITS-ALL' APPROACH

**Busted:** There is a common misconception that for a business to be gender-aware, this has to be a core mandate, or else such considerations would lead to mission drift. But this fails to account for the diversity of the GLI thesis: A business does not have to adopt all the angles of GLI but **gender simply has to be an active consideration**. Instead, businesses need to identify which gender lens is the most rational for them and focus on integrating that lens into their operations.

## CHALLENGES FOR FEMALE BANGLADESHI ENTREPRENEURS, DESPITE GENDER-INCLUSIVE POLICIES

The Women Entrepreneur Development Unit (WEDU) of Bangladesh Bank (BB) aims to render business-friendly services to women entrepreneurs, raise awareness and advocacy for women's empowerment and monitor and evaluate women-focused development initiatives carried out by banks and non-bank financial institutions. BB has also taken a series of steps to boost financial inclusion through the introduction of **several favorable circulars**.

However, the mere existence of policy tools is no guarantee of their effectiveness. In fact, substantial gaps in implementation and monitoring lead to a very different reality for female entrepreneurs in Bangladesh today, as highlighted by Ridma Khan. Beyond the known aspect of a patriarchal mindset of men, **the biggest hurdle is access to finance underpinned by knowledge gap**. This severe obstacle is even further exacerbated by the non-cooperative attitudes of banking staff at gender desks:

*"Staff sitting at gender development desks are not friendly towards female entrepreneurs. When a rural woman who is not very educated goes to the bank, they tend to use big words which confuse her and prevent her from ever going back." - Ridma Khan*

Sharawat Islam further shed light on the access to finance hurdle: In her experience, **inadequate knowledge distribution** often leads to female entrepreneurs not being aware of women-focused loans and favourable rates, a problem that tends to be even more severe for women in rural areas. Additionally, female entrepreneurs also require patient capital for growth, while banks mostly offer working capital loans. **There is strong need for capacity-building support and backward linkage activities for female entrepreneurs** so they can build an investment-ready business that is capable of absorbing growth capital. Using lean data tools to collect data for measuring gender impact

## INNOVATIVE FINANCING AS AN APPROACH TO MEND THE ADVERSITIES

Innovative financing can effectively target the “missing middle” of women-owned and women-led businesses that do not fit the growth profile for venture capitalists: they are too big for microfinance or fintech lenders and too small for private equity.

Anita Ghazi Rahman gave a snapshot of the innovative financing instruments available in the Bangladesh ecosystem today. While the innovative catalytic funding instruments provided by B-Bridddhi – the **Impact Ready Matching Fund (IRMF)** and **Social Impact Incentives (SIINC)** – are simple and efficient, they also integrate impact milestones into the investment principle. Another highlight is the growing trend for Revenue Sharing Agreements, BNPL (buy now pay later) mechanisms, and P2P (peer-to-peer) lending opportunities. However, equity and debt remain highly relevant for the Bangladesh ecosystem as they are based on laws that help to better enforce contracts and more quickly depose litigations and claims. Another important point is that innovative finance can also come in the form of capacity building, as demonstrated by the voucher scheme programme of B-Bridddhi.

*“Innovative funding doesn’t just have to be in cash but can also be in kind. That is also an innovative way of funding.” - Anita Ghazi Rahman*

### **More appetite for gender lens and innovative finance knowledge? Check here:**

- B-Bridddhi’s **gender chapter** of the Impact Measurement and Management Toolkit
- B-Bridddhi’s **Innovative Finance Toolkit**



