



Why are female entrepreneurs missing out on funding? Reflections and considerations

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Promising trends...

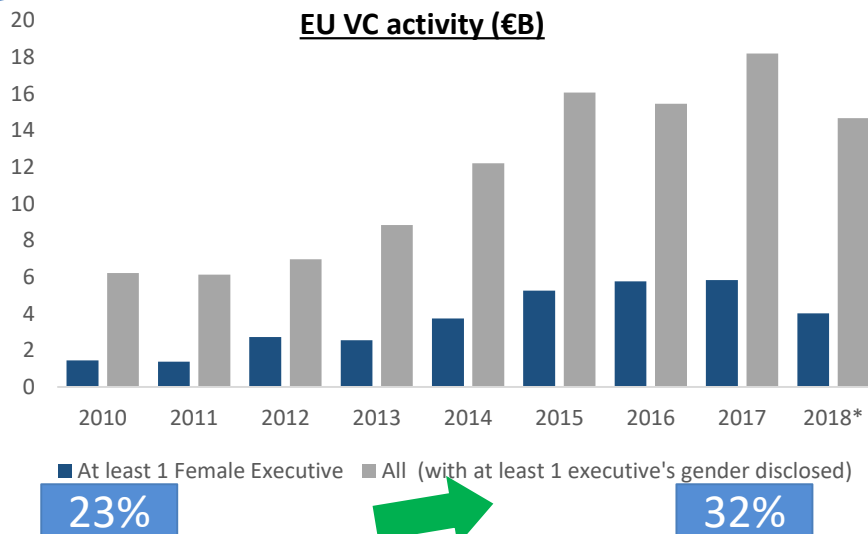
- Overall increase in VC funding for women-led companies in absolute and relative terms (volume and value); Europe is outperforming other regions

- Women-led companies attract more investment in later stages

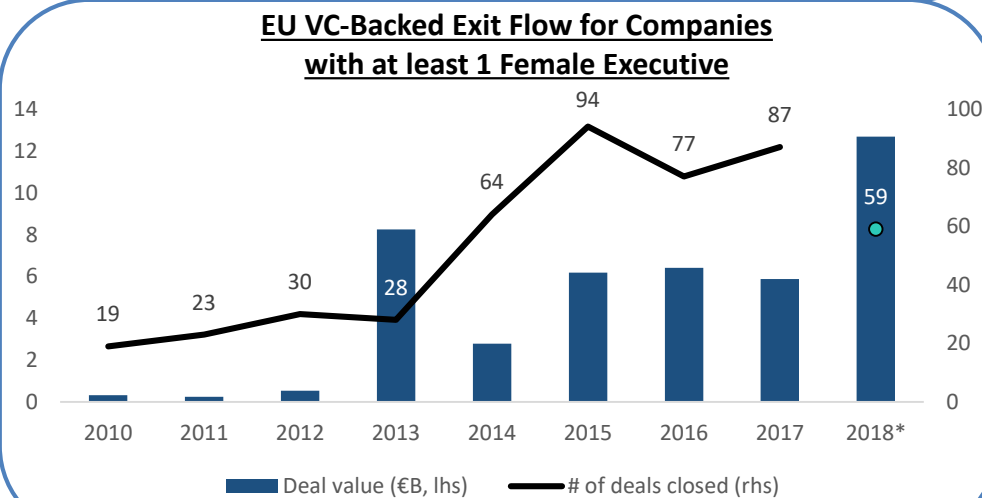
- Women-led companies outperform the market in terms of median revenues at later stages

- Enabling ecosystem contributes to higher investment in women-driven companies: spotlight on selected EU destinations

Investment in women-led businesses has increased in recent years but remains below full potential



- Increase of share of women-driven businesses from 23% (2010) to 32% (2017) of overall EU VC value
- Higher exit rate of venture-backed, women-led companies in terms of deal value and volume
- This implies the potential for more capital reflows into the ecosystem



**As of September 30, 2018. "At least 1 Female Executive" in this data is defined as having at least 1 female currently holding a C-level, founder/founding partner, president, and/or chairperson position*

...but more needs to be done to overcome hurdles and biases

- The European pool of women-led companies and female entrepreneurs is still limited

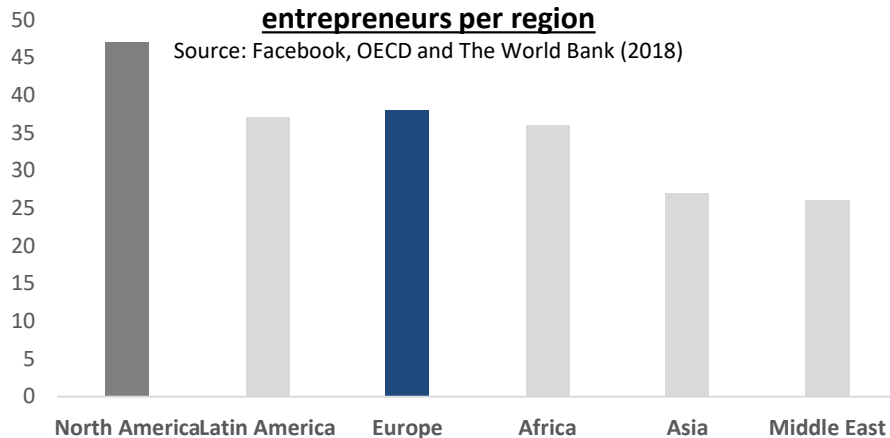
- Persistent lack of women in investment decision-making roles, compounding the finance gap → *investors invest in teams that look like them*

- Evidence of higher risk aversion of women-led companies

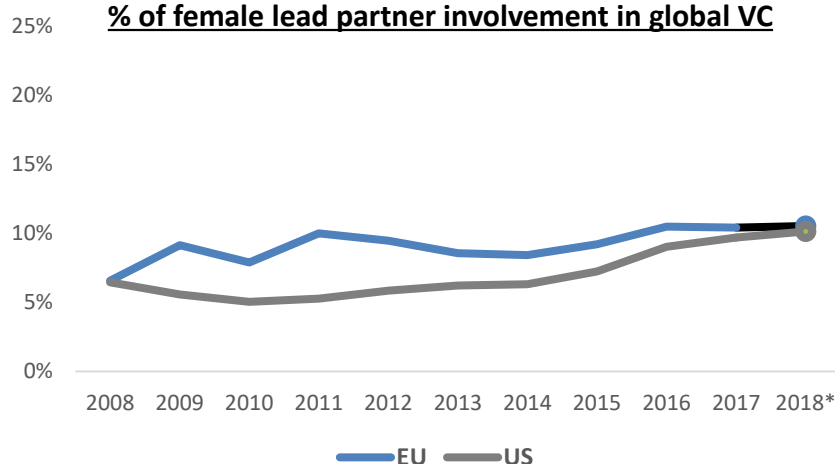
→ Need actions to break the cycle and reduce the knowledge gap by female entrepreneurs and the investor community

Hurdles and biases persist

Female entrepreneurs as a % of total number of entrepreneurs per region



% of female lead partner involvement in global VC



*As of September 30, 2018.

- **Lack of female entrepreneurs and female investors**
- Research shows that investment firms with women partners are over **2x** as likely to invest in women-led enterprises and over **3x** as likely to invest in enterprises with women CEOs
- **Risk taking bias** is equally important: across the funding chain female led companies are **less likely to pursue external finance**
- For example, female founders are **50% less likely to pursue VC investments** than male founders

→ Combination of risk aversion, gender investment bias and lack of female representation among investors and founders creates a vicious cycle which is difficult to break

Preliminary recommendations for further consideration

Policy



Short term

- New gender metrics and KPIs in all relevant EU programmes
- Evidence-based guidelines on policy support for child or family care and employment protection

Longer term

- Gender-focused EU funding/support programmes in the next MFF
- Investor seal of excellence for gender-based investments

Awareness raising



Short term

- Dissemination of information among existing networks of investors and entrepreneurs

Longer term

- Systematic monitoring of gender data across EU funding programmes

Advisory



Short term

- Targeted fundraising support for female-led companies
- Technical assistance to banks

Longer term

- Develop European network of “gender-conscious” investors

Financing



Short term

- Wider deployment of targeted facilities to banks
- Back more first time women-led funds or funds with female investment focus

Longer term

- Explore innovative financing solutions (e.g., dedicated co-investment platforms, gender bonds)

Get in touch with us!

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