



THE EMERGENCE OF ANGEL INVESTMENT NETWORKS IN SOUTHEAST ASIA

Report II
A Spotlight on Gender Lens Investing

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Foreword

Southeast Asia has become one of the fastest-growing markets over the last decade, attracting many talented entrepreneurs to start new businesses in the region. However, numerous studies indicate that social enterprises and women-centered businesses experience greater challenges to grow due to insufficient access to relevant financial and technical support. Angel investors play a critical role in expanding the pipeline of investible businesses by providing early-stage ventures with essential resources including capital to bridge the funding gap and by sharing their expertise and networks to unlock business opportunities that facilitate growth.

In conjunction with the steady rise in the number of angel investors in the region, the practice of angel investing has also been increasingly structured through the establishment of Angel Investment Networks. The proliferation of Angel Investment Networks has led to more coordinated efforts to streamline angel investments, often resulting in larger-scale deals into early-stage ventures. These networks have a considerable part to play in the investment spectrum by advancing co-investments, reducing the risk borne by individual investors, and coordinating support to help enterprises to scale to the level where they can access larger sources of growth capital provided by other private sector investors such as venture capitalists and impact investors. These recent developments across the region are a positive sign of the important catalytic role angel investments play in the early-stage investment landscape.

This report by the Angel Investment Network Indonesia (ANGIN) and the Sasakawa Peace Foundation (SPF) is the first of its kind to understand the landscape of Angel Investment Networks in Southeast Asia and explores the challenges and opportunities for angel investors in the region. The report also places a special focus on Gender Lens Investing and the drivers for angel investors to make gender-focused investments to contribute to the development of an inclusive entrepreneurial ecosystem in Asia.

Working with local partners, SPF has implemented a wide range of initiatives to support inclusive and women-centered businesses to grow, contributing to the development of sustainable market-based solutions that bring value to women across Asia. We hope that this report will highlight the opportunities for angel investors and net worth individuals to realize their potential as key contributors in supporting inclusive, impact-orientated businesses, and leverage their resources to efficiently create greater, long-term social impact in Asia.

Sincerely,



Shuichi Ohno
President, Sasakawa Peace Foundation

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ANGIN Research Team

David Soukhasing: Research Co-lead
Managing Director, ANGIN (david@angin.id)

Benedikta Atika: Research Co-lead
Impact Investment Lead, ANGIN Investment (atika@angin.id)

Natalia Hau: Research Associate
Consultant, ANGIN Advisory

Adirani Heraputeri: Research Associate
Research Associate, ANGIN Advisory

Rininta Bella Yunissa: Research Associate
Consultant, ANGIN Advisory

Saskia P Tjokro: Research Advisor
Head, ANGIN Advisory

Victoria Forsgate: Editor
Independent Consultant

Sonia Febyola: Designer.
Consultant, ANGIN Advisory

Sasakawa Peace Foundation (SPF) Research Team

Lily Yu, Senior Advisor,
Asia Women Impact Fund,
Gender Investment and Innovation
Department

Yuka Yabashi, Program Officer,
Asia Women Impact Fund,
Gender Investment and Innovation
Department



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Aaron Everhart, Founder,
HATCH! Ventures

Lauren Trucksess, Marketing Manager,
Investible

Arnil Paras, Philippine Country
Representative, AVPN

La Woon Yan, Investment Analyst,
EME Myanmar

Aung Htun, Founder,
Myanmar Investments

Maho Nakayama, Director,
Asia Peace Initiatives Department, SPF

Ayaka Matsuno, Director,
Gender Investment and Innovation
Department, SPF

Matt Viner, Investment Manager,
EME Myanmar

Bikesh Lakminchad, CEO,
1337 Ventures

Melanie Mossard, Venture Support Director,
Impact Hub Phnom Penh

Caterina Meloni, Founder,
Connecting Founders

Nana Souvannavong, Founder and
Managing Director, TOHLAO

Celia Boyd, Managing Director,
SHE Investments

Natasha Shih, Senior Investment Officer,
Gender Investment and Innovation
Department, SPF

Daniel Lin, Founder and CEO, Fundedhere

Nicole Paterno, Founder, 1,000 Angels

Doris Clemenz, Head of Partnerships
Southeast Asia, Seedstars

Patricia Chu, Chief Growth Officer,
Mana Impact Partners

Gail Wong, Co-Founder,
Ladies Investment Club

Pat Thitipattakul, Investment Manager, 500
TukTuks

James Lette, Executive Director,
Manila Angel Investors Network

Priya Thachadi, Co-Founder and CEO,
Villgro Philippines

Jiaway Koh, Associate Director,
BANSEA

Robbert Groenen, Director Myanmar,
One to Watch

Jo Chan, Investor Relations Manager,
Angel Hub

Surawat (Sam) Promyotin, Executive
Director, Bangkok Venture Club

Jordan Green, Founder and President,
Melbourne Angels

Suse Reynolds, Executive Chair,
Angel Association New Zealand

Josephine Price, Managing Director and
Co-Founder, Anthem Asia

Virginia Tan, Founding Partner,
Teja Ventures

Research Objectives

This is the first research of its kind focusing on Angel Investment Networks (AINs) in Southeast Asia (SEA), and their application of Gender Lens Investing (GLI) practices.

This research aims to support the development of the angel investment market in SEA through three key approaches:

1. Providing a general overview of where and how GLI practices take place across AINs in SEA Asia to further advance the implementation of GLI in the region.
2. Providing recommendations on how to initiate and advance GLI application within the AINs.

As part of a three part series, this second report presents the findings from the regional mapping of Angel Investment Networks and aims to provide individuals and organisations from within and outside the angel investment community with an overview of the emergence, activities, characteristics and stakeholders (e.g. investors, enterprises, deal flow developers) of Angel Investment Networks in SEA.

Our research series consists of the following:

The Emergence of Angel Investment Networks in Southeast Asia

Report 1: A good practice guide to effective Angel Investing

Report 2: A spotlight on Gender Lens Investing

Report 3: Country Profiles of Angel Investment Networks in Southeast Asia

Research Methodology

The research process looked at AINs in South East Asia: specifically, **Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam**. To achieve the specified objectives, the research team convened by ANGIN generated data, insights and analysis over a two-month period (January and February 2020) in the following ways:

- Primary data was gathered through in-depth **semi-structured interviews and surveys with 12 AINs operating in six SEA countries**. Aside from AINs, the research team held in-depth semi-structured interviews with 16 ecosystem players active in the field of GLI in nine SEA countries including Angel Investors, start-up assistance organizations (SAOs), financial advisors, and early-stage investment venture capitalists (VCs and Impact Investors) to better understand angel investment activities in each country and to help further identify key stakeholders.
- Secondary data on GLI, AINs and Angel Investors was gathered from a literature review of academic papers, industry reports and other credible publications relating to a range of AINs, angel investment topics, and gender lens practices in SEA.

The interviewees were selected from a combination of ANGIN's existing database, intensive desk research, and snowball sampling (referrals recommended by previous interviewees).

Research Limitations

Below is a brief explanation of the main limitations of the research process.

Absence of documentation and previous research

There is currently limited public data and literature about AIN structures in Southeast Asia, especially those that put special attention on Gender Lens Investing within the premises of Angel Investors.

Data accessibility and availability

Private investment and impact investment benchmarking can be a difficult exercise especially in less established private market segments and when Angel Investors are operating outside of formal networks, combined with the restrictive nature of information flows within the industry.

Informality of angel investing

The identified AINs may not be representative of the whole angel investment population in the region, due to the suspected large numbers of unknown microstructures or solo Angel Investors operating in an informal manner. Also, the larger constituent funds have a disproportionate influence on pooled performance calculations.

Information disclosure

The most reliable source of information on AIN investment performance since inception would likely be generated via unaudited quarterly and audited annual financial statements. This information is typically readily available for limited partners (LPs). However:

- Smaller AINs are not producing such reports.
- Most AIN managers are unable to share data with any third-party aggregator, given data restrictions.

We will mostly assess the performance of the AIN through the known performance of their portfolios.

Performance capture

Unlike public stock portfolios that often have significant overlap with both market indexes and peer strategies, private investments conducted by Angel Investors often have unique performance drivers that can differ to their peers. The performance cycles for private Angel Investors are dynamic, long and constrained by a defined period. For instance, research shows that private equity and Venture Capital funds do not generally observe steady returns till 5 - 6 years after.

Remote collection of primary data

Due to COVID-19 restrictions and uncertainties, first-hand field visits and in-person interviews were not possible. Interviews were mostly done over online calls.

Selection bias

A minor subset of operators managing non-active or sub-performing AINs may have unknowingly provided assumptions and selective insights to corroborate with their experiences.

Key Abbreviations

AIN Angel Investment Network

AIN-GLI Angel Investment Networks that apply Gender Lens Investing

DFI Development Finance Institution

DFAT Department of Foreign Affairs and Trade

GLI Gender Lens Investing

IW Investing in Women

HNWI High-Net-Worth Individual

KPI Key Performance Indicator

SEA Southeast Asia

SDGs Sustainable Development Goals

SME Small and Medium-Sized Enterprise

USAID United States Agency for International Development

VC Venture Capital Funds or Venture Capital Firms

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1

WHAT IS GENDER LENS INVESTING (GLI)?



1.0 What is Gender Lens Investing?

Gender lenses have been used as strategic and practical tools by governments and NGOs to address inequalities for a number of years. They have also been increasingly leveraged by private wealth owners and asset managers who recognize that gender equality is material to their financial performance, impact and outcomes.

Appearing in the late 2000s, Gender Lens Investing (GLI) has been defined in different ways but for this research we will refer to the definition devised by Criterion Institute as: **"the integration of gender analysis into financial analysis in order to make better investment decisions and get a better outcome."**

GLI goes beyond investing in businesses owned or managed by women, or measuring the number of women working for the invested enterprise. A more complete application of GLI incorporates gender into the broader aspects of an investment strategy and processes including:

- **Supporting gender champions:** Screening for enterprises that are highly rated for advancing the environmental, social or governance dimensions of women's empowerment.
- **Financial inclusion:** Providing capital directly to women-owned or co-owned businesses that are otherwise underserved by investors.
- **Services and products that empower women and girls:** Investing in enterprises that provide services or products that help empower women or provide economic support to underserved populations.

1. Verhart, N. (2018) 'Gender lens impact investing: a catalyst for change in commodity value chains'



2

A SHORT HISTORY OF GENDER LENS INVESTING



2.0 A Short History of Gender Lens Investing

The inception of GLI in North America and Europe was largely driven by prominent, high-net-worth individual (HNWI) investors, many of whom were philanthropists focusing their impact capital on outcomes for women and girls, such as members of the New York-based Angel Investment Network (AIN) *Golden Seeds*².

The emergence of mutual funds and exchange-traded funds helped to democratize access for millions of retail investors to participate in gender lens investing. In 1993, the financial industry introduced the *Women's Equity Fund* - now part of PAX World - as the first mutual fund that evaluated enterprises' gender equality policies and practices. This was one of the earliest seeds in the global GLI movement. Commercial players such as *Barclays* and *Morgan Stanley* soon joined the fray with the development of public investment products and vehicles, by applying screening criteria - such as gender diversity on boards - as an indicator of women's leadership in the company. According to a 2018 survey by *Veris Wealth Partners*, assets under management (AUM) for public market gender-focused products have grown from USD 100 million in 2014 to USD 2.4 billion in 2018³. The number of explicit gender lens strategies held by public market offerings leapt from eight investing vehicles in 2014 to 35 investing vehicles by mid-2018. According to Project Sage 2.0, in 2018, a total of 87 total funds of structured private equity funds, venture capital, and private debt vehicles deploying capital with a gender lens were identified, which is an increase up from 58 in its 2017's report⁴. These examples are leading trend indicators of market players responding to demand for gender-based financial products.

In addition, notable GLI trailblazers such as the *Criterion Institute*, the *Global Impact Investing Network* (GIIN), *Catalyst at Large* and *USAID* are developing the field and raising the global profile of GLI via international collaborative efforts. For instance, between 2011 and 2014 Criterion hosted annual "Convergence" conferences on GLI, which gathered leading stakeholders from diverse backgrounds and perspectives to learn, collaborate and share. The conversations and content that these events generated were aggregated and then documented to form "a roadmap" to the future of GLI that has arguably served as the cornerstone of the movement⁵.

2. IDB Invest (2019) "Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean"
3. Veris Wealth Partners (2018) *Gender Lens Investing: Bending the Arc of Finance for Women and Girls*.
4. https://socialimpact.wharton.upenn.edu/wp-content/uploads/2017/10/ProjectSageReport_10.25.17.pdf
5. Anderson, J. and Miles, K. (2015) "The State of the Field of Gender Lens Investing: A Review and Road Map"



3

INTRODUCING GENDER LENS INVESTING IN **SOUTHEAST ASIA**



3.0 Introducing Gender Lens Investing in Southeast Asia

Developing industries in Southeast Asia (SEA) have been capitalizing on the region's rapid economic development in recent decades in order to grow and expand, but this has often come at the expense of environmental protection and social welfare. Unregulated industrialization has given rise to major socio-economic inequalities, such as a widening income gap within countries and skewed access to opportunities and resources for girls, women and people with disabilities. The region's performance on human development indicators has been put on stark display. For instance, only the Philippines made it into the top 50 of the World Economic Forum's Global Gender Gap Index for 2020 - taking 16th place⁵. Meanwhile, Singapore and Malaysia were the highest ranking SEA nations in the 2019 UN Sustainable Development Goals (SDGs) index, taking 66th and 68th place respectively⁶.

A growing cohort of entrepreneurs and start-ups in SEA are building their business models with a triple bottom line (TBL), which is creating opportunities to mobilize capital to generate a measurable and beneficial social or environmental impact, as well as a financial return. Capital aid from Development Finance Institutions (DFIs) and foreign development agencies has fueled and scaled the market for impact investing at an exponential pace. From 2007 to 2017, private impact investors in SEA channelled USD 904 million through 225 direct deals, and DFIs were responsible for around USD 11.3 billion through 289 direct deals⁷.

Across the broad spectrum of impact investing, funding preferences for specific SDGs and demographic groups (such as women and girls) are emerging. As the profitability of GLI is demonstrated, investors have begun building key parts of ecosystem infrastructure needed to develop the market further.

In 1985, the Asian Development Bank (ADB), an early promoter of the GLI field in Asia, launched its seminal Gender and Development Policy - a visionary mandate for promoting gender mainstreaming in its financial activities. Thirty-five years on, the GLI market in SEA does not yet match the sophistication of those in North America or Europe, but early field builders, donors (e.g. *Investing in Women* by Australia's *Department of Foreign Affairs and Trade* and the *Sasakawa Peace Foundation*), DFIs (e.g. *U.S. International Development Finance Corporation (DFC)*, formerly known as *Overseas Private Investment Corporation (OPIC)*) and multilateral aid agencies from those regions have been instrumental in developing the market through resource mobilization and sharing expertise. Though early GLI initiatives have mostly been spearheaded by international entities rather than regional ones, this trend is slowly reversing with more programs and platforms launched by regional players such as *Teja Ventures* (Singapore) and AINs such as *HerCapital* (Singapore) and *ANGIN* (Indonesia).

6. World Economic Forum (2019) Global Gender Gap Report 2020

7. Sachs, J., et al (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).

8. Global Impact Investing Network (GIIN) (2018) 'The Landscape for Impact Investing in Southeast Asia (Executive Summary)';

9. Asian Development Bank (2014) 'Gender Tool Kit: Micro, Small, and Medium-Sized Enterprise Finance and Development'



4

GENDER LENS INVESTING AND ANGEL INVESTMENT NETWORKS



4.0 Gender Lens Investing and Angel Investment Networks

Angel investors are a critical source of capital for early stage enterprises, particularly in sectors, value chains and geographies where the traditional private capital market is underdeveloped. Regardless of whether an AIN focuses on technology, the SDGs, or specific industries (e.g. education), its investment strategy, investment thesis and core mission/vision will be driven by a set of principles. GLI, which is more commonly referred to in the region as “investing in women”, or “women’s empowerment”, is increasingly an objective of certain AINs, and has been integrated into their key activities.

The strategies to address gender disparities through GLI vary greatly between AINs. Currently, GLI principles and approaches are visible across three key dimensions of AIN application: **sourcing capital** (through investors), **processing capital** (AIN investment processing) and **deploying capital** (through entrepreneurs).

Figure 1: Three Dimensions of Gender Lens Investing application in Angel Investment Networks

Dimension of GLI application	Focus Areas	AINs in Southeast Asia already operating in this way
Investor: Creating and growing the deployable GLI capital within AINs.	Increasing participation of women as investors	CRIB, LIC (HerCapital), She1K
	Building capacity of women investors and GLI advocates	ANGIN, LIC (HerCapital), She1K
	Connecting women investors	CRIB, She1K, LIC (HerCapital)
	Increasing GLI capital supply (gender agnostics)	ANGIN, Angel Central
Investment Processing: Increasing the capacity to process, channel and implement GLI within AINs.	Training financial services professionals on GLI	CRIB, ANGIN, Angel Central
	Integrating gender equality principles in the investment process	-
	Advancing women in finance (e.g. financial services professionals)	She1K, ANGIN, CRIB, LIC (HerCapital)
	Building gender disaggregated data	-
Entrepreneurs: The gender lenses applied by AINs to select investments which validate an investment strategy	Women-owned or women-led businesses	she1K, LIC (Hercapital), CRIB, ANGIN, Angel Central
	Women positively impacted across the supply chain	-
	Workplace gender equality and participation	-
	Products and services catering to unmet needs of women	Angels of Impact, ANGIN, Angel Central
	Improving the lives of women in their broader ecosystem	Angels of Impact, Angel Central



5

THE SCOPE OF GENDER LENS INVESTING WITH ANGEL INVESTMENT NETWORKS



5.1 Mapping of AIN-GLI Activities in Southeast Asia

Based on the data gathered by the research team, AINs are categorized (Figure 2) according to how far they apply GLI. If the AIN is not listed in Figure 2, it implies that no current GLI application is identified.

- **Core and explicit application of GLI:** GLI is an explicit strategy and a core mission of the AIN (usually stated on the mission statement). GLI is defined as both an impact and investment thesis. All activities are related to GLI.
- **Growing integration of GLI:** GLI is part of the AIN’s activities and may be identified as a specific goal. While not fully focused on GLI, the level of awareness amongst management and members is considered high. The adoption of GLI best practices is also high.
- **Low/and or sporadic application of GLI:** The AIN is informally taking gender into consideration but applications of GLI are sporadic. While the AIN does not necessarily identify their work as “GLI”, the AIN has a basic understanding of investing in women.

In this mapping, we did not include organizations such as *WISE* (Vietnam) or *Connecting Founders* (Thailand/Singapore), which do not fall into the definition of an Angel Investment Network (AIN). While their contributions to the field of GLI in the region and the support they bring to AINs are noticeable, this research covers only AINs.

Figure 2: Stages of Gender Lens Investing in Angel Investment Networks in SEA

Stage	Core & explicit application of GLI	Growing integration of GLI	Low and/or sporadic application of GLI
Indicators	<ul style="list-style-type: none"> • GLI as the main mission and strategy • All activities are integrating GLI principles • Strong contribution to the GLI field in SEA (see figure 11) 	<ul style="list-style-type: none"> • GLI being integrated into the strategy (but not yet the mission) • One consistent flagship activity dedicated to GLI • Presence of the AIN at key GLI related events (e.g. AVPN) 	<ul style="list-style-type: none"> • One or two One-off activities related to GLI identified over the last three years • No identification yet of the presence of GLI in the strategy and mission statement
AINs	<ul style="list-style-type: none"> • Angels of Impact (Singapore) • CRIB (Singapore) • Ladies Investment Club (LIC) (Now Hercapital) (Singapore) • she1K (Singapore) 	<ul style="list-style-type: none"> • ANGIN (Indonesia) • Angel Central (Singapore) • MAIN (Philippines) 	<ul style="list-style-type: none"> • MBAN (Malaysia) • BANSEA (Singapore and SEA) • HATCH! Ventures (Vietnam)

There are **four formal AINs in the region with GLI in their core missions and they are all located in Singapore**. This could be explained by the fact that Singapore also has the most developed angel investing and entrepreneurship activities in SEA. Furthermore, **most AINs in Singapore are open to sourcing investment opportunities from the whole SEA region**. Whereas, in more nascent country markets the limited pipeline in domestic GLI deals presents challenges.

The key features of the various AINs in SEA adopting a gender lens are summarised in Figure 4, alongside examples of how GLI is integrated into how they source, process and deploy capital. However, the research team also acknowledges that some AINs operating informally (e.g. without official status and few operating structures) in the region are also known to apply a gender lens to their investments; although it is rarely referred to as GLI due to a lack of general awareness on the formal discipline.

Figure 3: How Angel Investment Networks apply the Gender Lenses

CORE AND EXPLICIT APPLICATION OF GLI				
Country	Name of AIN	Key Features	No. of AIN members	No. of GLI deals
Singapore	Angels of Impact	<p>Focuses on three SDGs: No Poverty (Goal 1), Gender Equality (Goal 5) and Responsible Consumption and Production (Goal 12).</p> <p>Helps women-led enterprises get funding through its platform. Market the products through its corporate partners.</p>	20+	5 identified
Singapore	CRIB	<p>Founded by four established Singaporean women entrepreneurs, CRIB empowers women to pursue their business aspirations. Offers four main services: networking (CribSociety), investor matching, knowledge & skills development, and community-led philanthropy for marginalized communities.</p>	300	Undisclosed
Singapore	LIC (now HerCapital)	<p>HerCapital is a VC fund with a laser focus on female founders.</p>	20+	Undisclosed
Singapore	she1k	<p>The world's first invite-only network of corporate women executives, with a target of 1,000 women members globally.</p>	Target 1,000	5

GROWING INTEGRATION OF GLI

Country	Name of AIN	Key Features	No. of AIN members	No. of GLI deals
Indonesia	ANGIN	<p>The most active and largest early-stage AIN in Indonesia with a strong impact focus and actively practices GLI principles.</p> <p>Runs an advisory arm to support local and international clients to build the domestic entrepreneurial ecosystem in achieving the Sustainable Development Goals (SDGs).</p>	120	22
Philippines	MAIN	The Manila Angel Investors Network (MAIN) is the largest private investors network in the Philippines. Founded in 2016, MAIN was formed to support the country's start-up ecosystem by connecting investors with promising early-stage companies.	Undisclosed	3 identified
Singapore	AngelCentral	The idea for AngelCentral coalesced in 2016 by its partners as a conduit to share their experiences in angel investing. Initial successes encouraged them to incorporate the network in 2017. Their main offerings are angel education workshops, curated pitching sessions, and investment syndication services.	+300	2 identified

LOW / SPORADIC APPLICATION OF GLI

Country	Name of AIN	Key Features	No. of AIN members	No. of GLI deals
Malaysia	MBAN	<p>The official trade association for angel investors and Malaysian AINs and the official representative of the Malaysian angel community.</p> <p>Offers accreditation for angel investors who qualify for tax incentive schemes and is a key catalyst in the formation of the ASEAN Angel Alliance (AAA).</p>	+100	Undisclosed
Singapore	BANSEA	BANSEA was founded in 2001 to help Singapore become a regional leader in early-stage investing. It is an invite-only membership coalition that holds 10-12 events annually for pitches, pre-screened by a committee. Investors can finance start-ups as an individual or as a group.	+150	Undisclosed
Vietnam	HATCH!	<p>A prominent ecosystem builder in Vietnam and a member of the ASEAN Angel Alliance (AAA).</p> <p>First organization in Vietnam to connect angel investors in Hanoi with start-ups, and are presently preparing the HATCH! Angel Fund so both investors and entrepreneurs will have access to larger networks.</p>	+100	Undisclosed

5.2 Gender Lens Investing Trends Amongst Angel Investment Networks

Through data collection and interviews with AINs in the region, the research team gleaned a number of insights into the characteristics of AIN-GLI principles and approaches, and the motivations behind them.

5.2.1 Initiators

Analysing the leading AINs in SEA focused on GLI at the time of the research (Figure 5), they largely share the following characteristics:

- **Women are the initiators:** The AINs that are focused on GLI are predominantly founded and managed by women who have prior experience working in the field of women's empowerment. They also tend to have completed their education outside of SEA, hold executive-level positions, or are themselves former entrepreneurs.
- **GLI has been adopted since inception:** AINs that actively undertake GLI have been founded with GLI as a core part of their mission and investment thesis. This differs from institutional investors such as *Capital 4 Development (C4D) Partners* and *Patamar Capital*, that have been guided into GLI through external forces such as donor support (e.g. *DFAT's Investing in Women*). The research identified some new GLI movers such as *MAIN* (Philippines) who are adopting GLI practices in partnership with Manila based *DFAT Investment in Women*.

Figure 4: Active AINs-GLI with all women founders

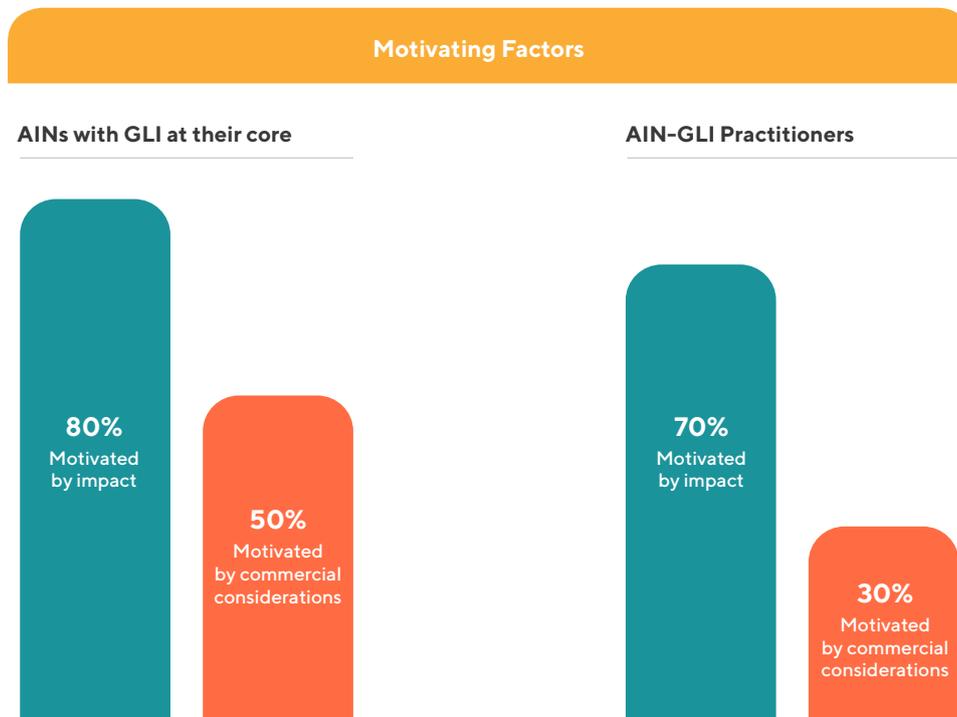
100% Women Founders	
Singapore	Indonesia
Angels of Impact Laina Greene, Audrey Tan	ANGIN Shinta Kamdani
CRIB Dr Elaine Kim, Tjin Lee, Mei Chee and Marilyn Lum	
Ladies Investment Club (LIC) now Hercapital Tanya Rolfe and Gail Wong	
she1K Christina Teo	

5.2.2 Motivations for GLI Application

The majority of AINs interviewed stated that their decision to apply GLI approaches was mostly rooted in social impact goals, such as filling capital gaps for women and addressing gender inequalities. Commercial considerations are generally said to take second place and will complement the impact goals. There is insufficient data on AINs that apply a gender lens on a sporadic basis to analyze what drove their motivations.

Figure 5: Differences between the Impact and Commercial Lenses of Gender Lens Investing

	Impact lens	Commercial lens
Belief Statement	<i>Backing women is the right thing to do.</i>	<i>...and backing women is the smart thing to do.</i>
Typical Perception	<p>Filling gaps in market access to capital for women entrepreneurs who are underserved.</p> <p>Contributing to the achievement of the Sustainable Development Goals (SDGs).</p>	<p>Gender diversity improves financial outcomes for investors and for enterprises.</p> <p>Women entrepreneurs tend to default less (lower non-performing investments)</p> <p>Unlocking large and untapped market opportunities with products and services that cater to women's needs.</p>



5.2.3 Evolution of core GLI application in AINs

There are varying interpretations of what it means to fully implement GLI throughout the investment process and the range of GLI application spread across the investment value chain are often fragmented. As summarized in Figure 6, AINs applying a gender lens typically begin by focusing on the type of entrepreneurs that they are investing in (Phase 1) and then the characteristics of investors they engage with (Phase 2). Currently, few AINs in SEA have moved beyond this to apply either a broader approach to the type of enterprises reviewed (Phase 3) or a gender lens in the investment processing phase (Phase 4).

Figure 6: Development of Gender Lens Investing in Angel Investment Networks

	Current practice		Forward looking	
	Phase 1	Phase 2	Phase 3	Phase 4
Focus	Entrepreneur focus: Investing in women entrepreneurs	Investor focus: The “She-to-She” approach	Broader entrepreneur focus: Analyse gender practices within target enterprises and the impact on women across the value chain.	Investment processing focus: Applying gender lens on investment processing.
Common AIN application	AINs with low exposure to GLI think it only focuses on funding women-led enterprises	AINs interpret GLI as women investors who invest in women-led enterprises.	In addition to investing in women-led and -owned enterprises, AINs intentionally analyse how the enterprise will impact women and society.	AIN will include some gender analysis in the screening and due diligence process.
Areas for development	Limited understanding of GLI practices in supporting women's empowerment or workplace gender equality	Low awareness and application of GLI beyond investment lenses	If the enterprise is not women-owned or -led, the AIN is unlikely to consider whether the enterprise positively impacts women.	Low adoption of GLI at critical investment processing stage
% of AIN-GLI in this phase	100%	70%	30%	30%



6

COMPARING GENDER LENS INVESTING BETWEEN INSTITUTIONS AND ANGEL INVESTMENT NETWORKS



6.0 Comparing Gender Lens Investing between Institutions and Angel Investment Networks

Institutional investors such as VCs and impact investors have gained the most attention for their implementation of GLI in SEA. The majority of research have been focused on institutional private markets and public markets because the level of data is more readily available and the level of comparison easier (via comparing asset classes).

In this section we compare the work of AINs-GLI with institutional investors and elaborate on some of the aspects that distinguish how institutional investors and AINs differ in their implementation of GLI.

6.1 Target Entrepreneurs

AINs are an integral part of the investment continuum and tend to have different GLI investment characteristics to institutional investors. For example, the first wave of GLI institutional investors are predominantly investing in startups - mainly high-growth enterprises with innovative solutions and/or business models with high technology adoption rates (see Glossary). Lately, the supply of capital has shifted to SMEs (e.g. *Patamar Beacon Fund*). Meanwhile, AIN-GLI are investing at an earlier stage of enterprise development compared to GLI institutional investors, who usually focus on growth stage enterprises with evidence of product market fit, such as advanced market penetration¹⁰. AIN-GLI tend to provide the first layer of capital (between USD 10,000 and USD 200,000), while the first capital injection of institutional investors tends to be USD 200,000.

Figure 7: Angel Investment Networks vs Institutional Investors: Differences in Investment Targets

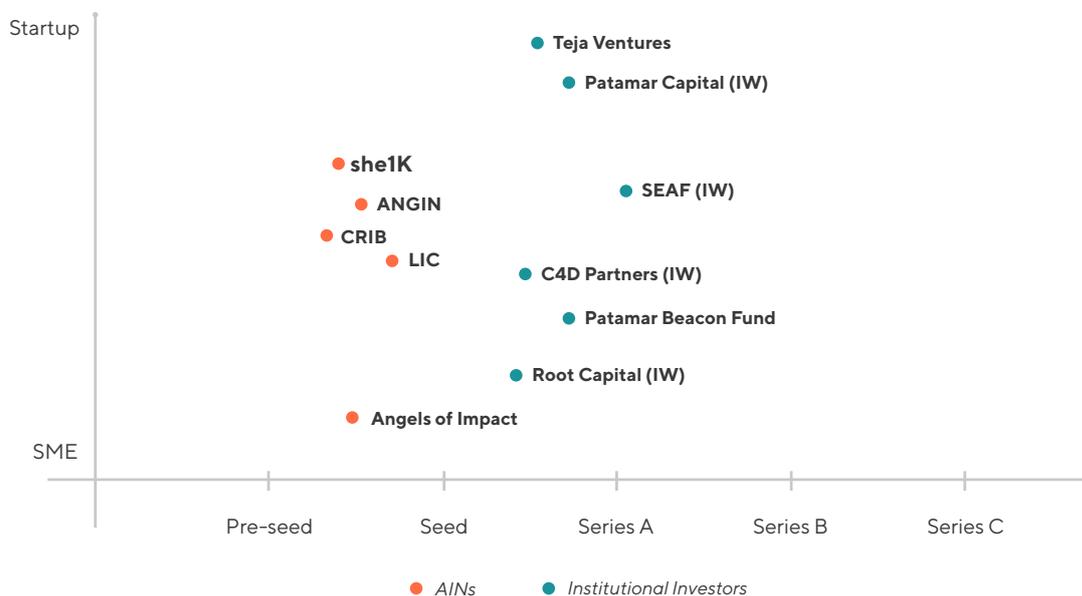
Key Features	Institutional Investors	AINs
Type of entrepreneur	Mostly startups and lately SMEs	Startups and SMEs
Investment stage	Growth stage (Pre Series A, Series A, B...)	Early stage (Pre-seed and seed stage)
Portfolio examples in Indonesia	Beau Sayurbox Danacita Aluan Dhuthape	Duanyam Burgreens Berry Kitchen
Ticket size	Upwards of USD 200,000 (IW) Often USD 500,000 if coming from main fund	USD 10,000 to USD 200,000

It was also interesting to discuss with the AIN-GLI the idea that entrepreneurs are not all (and might not be) institutional investors ready: Not all the issues that women and girls are facing in SEA have an investable solution in the eyes of an institutional investor (usually related to the risk/return expectations). There is sometimes a lack of enough large market opportunity, an addressable market and potential for scale that will match

9. See Report 1 in this series: "The Emergence of Angel Investment Networks in Southeast Asia: A good practice guide to effective angel investing".

the return expectations of institutional investors. AINs has the agency to support these entrepreneurs with the provision of angel investor capital with flexible, tailored terms. As an AIN, three of *ANGIN*'s 22 GLI investments did not raise additional capital from institutional investors due to incompatibility. These entrepreneurs rather moved to internal financing options.

Figure 8: Investor Preferences of AINs-GLI in Southeast Asia



6.2 Application and Maturity of Gender Lens Investing

AINs are largely still in the early stages of consolidating their GLI processes and approaches. Meanwhile, the institutional investors implementing GLI interviewed by the research team have already integrated a higher degree of structures and systems within their value chain of activities.

Figure 9: Comparison of GLI application between Angel Investment Networks and Institutional Investors

Indicators of GLI application	Institutional GLI	AIN-GLI
Definition of GLI entrepreneur	Broader definition including leadership/ownership, value chain	Mostly focused on investing in women-led and women-owned enterprises or She-to-She thesis
Presence of structured gender metrics	Yes. Refer to SEAF Gender Equality Scorecard or IRIS+	None or simplified system based on a basic theory of change
GLI-led investment processing	Yes. For example: Patamar Beacon Fund.	No/limited inclusion of GLI analysis along the investment process
Gender disaggregated data	Structured and systematized	Unstructured and not systematized
GLI education to investors	Moderate for Limited Partners (usually during first closing phase and portfolio reporting)	High for existing angel investors (throughout deal socialization and reporting)

6.3 Capital Scale vs Spread of Investments: Differences between Institutional Investors and AINs-GLI

The differences in metrics between AINs and institutional investors has an impact on how they interact with the wider ecosystem.

Most institutional investors are benchmarked against the volume of assets under management (AUM) and less on the number of enterprises they are backing. Depending on the strategy of the fund manager (General Partner), the fund will invest in a set number of enterprises which is usually determined by the fund size, the stage of investment, the average ticket size per enterprise or the follow-on strategy. Most of the AINs we interviewed share these considerations (not under management per se), but also highlight the number of enterprises being supported as one of their KPIs.

Figure 10 compares two institutional investment funds per se with a known commitment to GLI - Patamar Beacon Fund and Teja Ventures - to illustrate the timeframe within which AINs are able to match the scale of institutional investors (defined in terms of value of capital and number of entrepreneurs funded).

Figure 10: Differences in Scale and Spread of Institutional GLI Investors and AINs-GLI

	Patamar Beacon Fund	Teja Ventures
Fund size	USD 50 million	USD 10 million
Average ticket size <i>(first investment)</i>	USD 500,000	USD 200,000
Follow-on investment available	Yes	Yes
Top up amount	USD 500,000	USD 200,000
Total No. of enterprise <i>(estimated)</i>	20	25
comparison with AINs applying GLI		
Average investment processing capacity of AIN-GLI	2 investments per month	2 investments per month
Average ticket size per investment from AIN-GLI	USD 100,000	USD 100,000
Number of AIN deals required to match institutional investor volume	500 (USD 50 million / USD 100,000)	100 (USD 10 million / USD 100,000)
Equivalent time by AIN to match institutional investor volume	20 years	4 years
Equivalent time by AIN to match the number of enterprises	10 months (an average of two deals per month)	12.5 months (an average of two deals per month)

Institutional investors hold the advantage in terms of capital deployed. AINs are disadvantaged by their smaller ticket sizes. If we consider the AIN fund size and assume that the average ticket size of each deal is USD 100,000, it will take 100 deals for an AIN to reach the volume of capital deployed by *Teja Ventures* and approximately 500 deals to reach the volume of *Patamar Beacon Fund*.

AINs hold the advantage in terms of capital spread and supporting a higher volume of deals. If we assume that AINs have an average deal processing capacity of two deals per month, it will take 10 to 12.5 months for an AIN to fund respectively the same number of enterprises as *Patamar Beacon Fund* or *Teja Ventures*, which generally deploy their capital over a 10 year period.

AINs are spread across a greater variety of entrepreneurs and this is a key benefit for early stage ecosystems. It is also relatively faster to onboard individuals in an AIN compared to bringing new Limited Partners into an institutional fund. A successful GLI investment by an AIN can inspire other prospective angel investors to follow suit, generating additional leverage and creating a “ripple effect”.

6.4 Value propositions of AINs for GLI application

While the research did not aim to interview entrepreneurs directly, the points below highlight some key value propositions developed by AIN-GLI that were mentioned during the interviews.

- **Direct access to the wealth owner:** Except in the case of syndications, by nature, angel investors fund investments directly without intermediation into each enterprise they back. The entrepreneurs have direct access to the wealth owner (sometimes called “Ultimate Beneficial Owner” in the banking industry). This direct funding route gives women entrepreneurs confidence of a sustainable, long-term relationship without the intermediaries (e.g. Asset Manager.)
- **Faster process and more flexible terms:** Angel investors are able to make decisions quickly while most institutional investors depend on the decision making processes of formal investment teams.
- **Unique mentoring support system:** Angel Investors have usually developed local industry expertise, connections and knowledge that they will make available to the entrepreneurs they invest in.
- **Women to women:** Four AIN-GLI mentioned that in certain markets, for cultural or religious aspects, women entrepreneurs seem to share a preference to engage with women investors. This is based on the perception that women investors understand better their challenges, they provide more hands-on support and have a more patient conception of investing.

6.5 Contributions to Building the Gender Lens Investing Ecosystem

AINs tend to take a more holistic approach and fulfill a broader mandate in terms of championing entrepreneurship in the ecosystem – not only for the investors and entrepreneurs they work with, but also by advocating for certain industry policies and investment philosophies. While some institutional investors run initiatives that build the entrepreneurship space, especially when funded by donors such as *Investing in Women*, their efforts are usually focused primarily on investment processing.

Figure 11: Wider Contributions of Angel Investment Networks to the Gender Lens Investing field

Wider contributions related to GLI	Examples
Training to investors and entrepreneurs	<p>Angel Central (Singapore)</p> <ul style="list-style-type: none"> Workshop for Angel Investors on GLI <p>ANGIN (Indonesia) and HATCH! (Vietnam)</p> <ul style="list-style-type: none"> Workshop for Angel Investors on GLI supported by GIST
Networking and sharing	<p>she1K (Singapore)</p> <ul style="list-style-type: none"> she1K C-Shark – a “shark tank” style pitch to a room full of corporate executives. <p>CRIB (Singapore)</p> <ul style="list-style-type: none"> The CRIB Ball (biennial event to help raise funds towards CRIB’s programs, including CRIB’s charity arm) CRIB Match (regular Match Mixer sessions to help entrepreneurs find strategic partners – co-founders and/or employees – and build business teams) CRIB Summit (Conference)
Research and publications	<p>ANGIN (Indonesia)</p> <ul style="list-style-type: none"> Enhancing Access to Capital for Women-Owned SMEs (2019) Oxfam x ANGIN Women Spotlight (2019) <p>Angels of Impact (Singapore)</p> <ul style="list-style-type: none"> Sustainable Impact: How Women Are Key to Ending Poverty (2017)



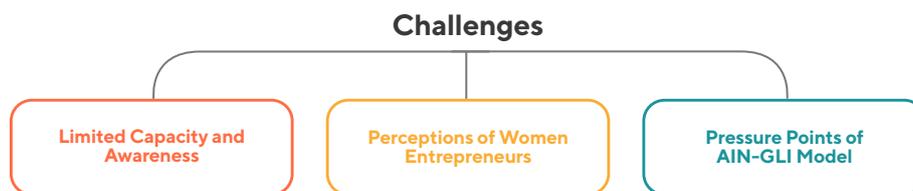
7

CHALLENGES IMPLEMENTING GENDER LENS INVESTING WITHIN ANGEL INVESTMENT NETWORKS



Interviewees from AINs identified three main challenges in the application of Gender Lens Investing as identified in Figure 12 below.

Figure 12: Key Challenges in Gender Lens Investing application



7.1 Limited Capacity and Awareness

The research identifies a common concern among the AINs with little or no application of GLI, that it will generate constraints and require additional work.

Fear of opportunity cost: Whilst evidence-based data supports the case that investing with a gender lens leads to stronger impact and financial outcomes, the perception of “opportunity cost” of excluding investments that do not meet GLI criteria is prevalent among the less gender sensitive AINs.

Perception of financial pressure in GLI application: GLI is a comprehensive and thorough discipline which requires regular monitoring and review. Proper qualitative and quantitative data collection may incur costs in effort, time and money that could deter some firms from formally adopting the practice in line with GLI standards.

Risk-averse newcomers: Curious newcomers recognise the benefit of a “learning by doing” approach to GLI. However, Criterion Institute found that many new to impact investing revealed that making an early-stage angel investment required them to be closely involved and the opportunities were too early-stage for their preferences¹⁰.

There is a need to build awareness and capacity of investors on gender lens investing to stimulate demand transition and to build stronger technical capacity of investors to apply a gender analysis to their investments. This lack of awareness remains despite the evidence that exists on the financial returns of gender lens investing.

7.2 Perceptions of Women Entrepreneurs

Certain prevailing inclinations and stereotypes towards women entrepreneurs are usually captured in the notion of “gender bias” and have challenged the growth of businesses with women founders or teams.

Perception of lack of investment readiness: There is a perception that women entrepreneurs need more business coaching, mentoring and networking opportunities to be investment ready, than men entrepreneurs. This perception might come from an unconscious gender bias towards investment readiness of women entrepreneurs, such as the view that women manage relatively small and low-growth businesses compared to men. For example, women entrepreneurs frequently operate in fashion or food and beverage sectors that offer conventional products and use offline business models, which are typically less attractive to investors who are looking for high growth. Most women-led and owned businesses tend to look for expansion at a steadier pace, rather than prioritizing innovation and exponential growth¹¹.

10. Anderson, J. and Miles, K. (2015) “The State of the Field of Gender Lens Investing: A Review and Road Map”

11. Maheshwari, P., et al. (2020) Mainstreaming GLI: An Assessment of Women Owned Enterprises in Developing Countries.

Perception of limited pipeline: Across the active AINs currently operating, vetting good pipelines requires extensive preparation for both the entrepreneurs and investors. Some AINs seemed reluctant to add additional layers to deal sourcing and due diligence processes by including gender lenses. This perception is likely to be higher for those AINs currently struggling to manage the due diligence process and who may lack an established standard operating procedure (SOP) for managing deal flow.

Perception of affirmative action: It refers to the practice of favoring individuals (e.g. typically based on race or gender) who are seen to have previously been discriminated against or disadvantaged in accessing resources and opportunities (e.g. education, employment, capital). There is reluctance amongst some interviewed AINs not applying GLI to explicitly bring gender into the selection process, because of their concerns that it prioritizes women entrepreneurs without giving appropriate consideration to merit.

7.3 Pressure Points of the AIN-GLI Model

AINs are a relatively new investing structure in SEA. This brings opportunities but also creates obstacles to overcome. In some respects, AINs are competing against established institutional investors such as VCs or impact investors for GLI market share. These institutional players have a well understood business model and their fund managers have a certain level of predictability when it comes to operations. Whereas, in many Southeast Asian countries AINs are still working to acquire investors and raise awareness amongst entrepreneurs about their services. They may also have far to go in establishing their financial stability. Figure 13 summarizes the main revenue streams of AIN-GLI in the region.

Figure 13: Business Models of AINs-GLI

Country	AIN	Business model
Singapore	Angels of Impact	Membership fees, trading fees
Indonesia	ANGIN	Tiered membership fees, consulting and advisory fees
Singapore	she1K	Tiered membership fees, deal success commissions
Singapore	CRIB	Quarterly events, deal success commission
Singapore	LIC (Now HerCapital)	Transitioned to a Fund model

The sincerity and consistency of the GLI intention is being challenged by the realities of the market. The aggregation of key interview findings and primary data has revealed certain pressure points that may challenge the implementation of GLI for AINs and their primary stakeholders.

Figure 14: Challenges to Gender-led Investing in Angel Investment Networks

Challenges	Details
Change of management and leadership	As the business model of an AIN is strongly related to its founders or members, a change in leadership could positively or negatively affect the maintenance of the GLI mission.
Difficulties convincing investors	The difficulties convincing angel investors to apply GLI in their investment practice can derail an AIN from continuing to champion GLI.
Growing competition	Growing competition from other investors will limit the pipeline and ability for AIN to fund GLI deals, particularly when it comes to technology enterprises and impact driven organizations.
Donor dependency	In certain markets, the exposure to GLI is driven by donors. Once funding ends, newly established AINs are unlikely to have internal resources to continue GLI application.
Changing investor profiles	The presence of female investors is a central driving force behind GLI implementation and angel investing. Gender-based strategies are often inspired by the demands of clients (e.g. asset owners and investors). A change of investor profile could positively or negatively influence the application of GLI.



8

OPPORTUNITIES AND RECOMMENDATIONS



The gender-based, socio-economic issues of each country are unique to their environment and this requires different GLI approaches to be adopted. However, we have identified several opportunities to promote, develop and realize GLI within the AIN across different contexts in SEA.

Figure 15: Opportunities for developing Gender Lens Investing in Angel Investment Networks

Increasing GLI application	Increasing the scale of GLI capital
Advocating for Gender Lens Investing	Leveraging financial product innovations
Generating data for evidence and action	Cross collaborations with institutional investors
Increasing the capacity of early adopters	A new fund model to GLI

8.1 Advocating for Gender Lens Investing

There are a number of opportunities to increase the uptake of GLI in AINs, depending on their starting point.

Figure 16: Transition Stages in Gender Lens Investing adoption

Stages of Transition	Steps to move up the spectrum
From no exposure to low/sporadic exposure	<ul style="list-style-type: none"> • Increase gender awareness or reduce “gender blindness” • Education of lens as an opportunity, not a limitation
From low exposure to practicing	<ul style="list-style-type: none"> • Build consistent programs and activities instead of infrequent application • Increase foundational, gender-inclusive skills and knowledge
From practicing to core integration	<ul style="list-style-type: none"> • Optimizing operations to increase the deployment of capital into GLI • Transforming core business model around GLI

Any strategies to promote GLI within an AIN should actively involve all parties - investors, entrepreneurs and the management team - to better ensure success and effective application. Arguably the managers are the most important stakeholder as they are ultimately responsible for identifying and applying new investing methodologies, disseminating them to investors and increasing the influence of the AIN as a thought leader in the ecosystem. Therefore, any GLI agenda should be funneled through the management team at the earliest possible stage. Funding and other resources should be invested in the management staff to ensure the essence of GLI is well understood and communicated effectively within the AIN and the wider ecosystem.

AINs interface with entrepreneurs and their start-ups at a very malleable stage of their journey. For example, AINs frequently offer coaching sessions to help selected applicants refine their pitches for investors. Working with entrepreneurs to validate their business models using GLI guidelines would be a value-added offering by AINs. Angel investors with GLI orientation could work with their investees to apply a gender-inclusive approach throughout the investment process.

Figure 17: Actions for Gender Lens Investing Uptake in Angel Investment Networks



8.2 Building Capacity of Early Adopters to advance GLI application

Several Institutional investors who now applied GLI in SEA have received support from organizations such as DFAT *Investing in Women*. The research identified the need for core AIN-GLI and other AINs adopting GLI to receive similar support in building their knowledge and capacity to apply gender lenses in their activities (Figure 18).

Figure 18: Support Needs Identified by Interviewees from Angel Investment Networks

Support needs	Nature of support needed	Target group
Early phases of AIN inception	Funding	Prospective AIN (in formation)
Capital supply in terms of no. of investors and training efforts	Funding and technical	GLI practitioner Core AIN-GLI
Investment processing capacity for deals and management	Technical	Core AIN-GLI
Deal execution for higher friction transactions (e.g. deals outside large cities)	Technical	GLI Practitioner Core AIN-GLI
Gender metrics framework for investment processing	Technical	GLI Practitioner Core AIN-GLI
Creation of new investment schemes or mechanisms to increase capital deployment	Technical	Core AIN-GLI

8.3 Cross Collaborations with Institutional Investors to develop the GLI field in SEA

Institutional investors (e.g. VC and impact investors) and angel investors constitute the main sources of risk capital for growing SMEs and startups in SEA. They usually ensure a continuum of capital in the early days and co-invest together to increase the support provided to the entrepreneurs. Many AIN interviewees highlighted the need for closer relationships with institutional investors. Some of the key areas for collaboration are summarised in Figure 19.

Figure 19: Collaborations Between Angel Investment Networks and Institutional Investors



- **Advocating as a common voice:** The GLI field is fairly nascent and conversations relating to the practice are usually confined to selected capital players of a certain investment stage (e.g., pre-seed and seed stages, Series A-C stages, etc). There is a need to aggregate these fragmented, siloed events across the capital continuum and champion for GLI as a cohesive unit. Additionally, AINs with a strong local network of key ecosystem stakeholders can also serve as a conduit for dialogues between foreign institutional investors and local government agencies, and as a representative of the start-up community to advance the GLI movement in domestic markets.
- **Building AIN portfolio with institutional GLI capital:** AINs offer sourcing opportunities for GLI investors. There is a lot of synergy in connecting AINs and institutional investors as part of the continuum of capital. For example, in 2020, ANGIN's portfolio received later stage funding from one GLI institutional investor and was in the process of due diligence with another GLI investor. Angel investors usually do not offer follow-on funding in their portfolio and would rather spread their risk in more enterprises. Whereas, institutional investors provide much needed capital for enterprises that have received investment from AINs and are in need of additional funding. All GLI-led AINs interviewed are building strong ties with institutional investors and have closed co-investments to support entrepreneurs. As an example, Angel Central (Singapore) is disclosing most of its syndication and co-investments on its website with some prominent SEA institutional investors such as 500 Startups or Wavemaker¹³.
- **Knowledge Sharing:** As mentioned, several institutional GLI investors in SEA have received funding from donors (e.g. SEAF, C4D, Patamar as part of DFAT Investing in Women program), which has helped to build up their capital pool, capacities and processes to include GLI into their investment thesis. Future support could be focused on building GLI metrics at the processing side and building capacities of investors.

13. <https://www.angelcentral.co/startups/case-studies>

- **Transition to Limited Partners:** Growing evidence suggests that some angel investors are increasing their commitment to GLI through investment into limited partner (LP) or general partner (GP) structures, in addition to direct investments. In the case of Indonesia, two angel investors who were ANGIN members are in talks to join an existing GLI institutional investor.

8.4 Generating Data for Evidence and Action

Several researchers have already highlighted the data gaps on GLI practices of private and public institutional investors¹⁴ and similar data gaps are arguably even more pronounced for AINs, which are less documented in general.

The process of gathering credible data on GLI in SEA during the production of this report has been challenging - particularly information on behavioural and financial motivations of angel investors, deal activity and the performances of the invested enterprises. For now at least, a combination of successful business cases and anecdotal evidence can serve as a reference point for new or interested parties to the GLI movement and help shift market perceptions on the viability of GLI.

Implementing GLI effectively requires an accurate view of the current picture. Stronger data generate better gender analysis, contributing to the design of the process and strategies. AINs should be able to generate, analyze and transparently share data within the ecosystem. Providing resources to publish performance data and outcomes of GLI pipeline projects would go a long way in building credibility. Some metrics examples are summarized below in Figure 20.

Figure 20: Role of Angel Investment Networks in Generating Data on Gender-led Investments

INVESTORS		
Level of action	Focus areas	Metrics examples
Creating and growing the deployable GLI capital within AINs	Increasing participation of women as investors	No. of women members in AIN Gender distribution of AIN investors
	Building capacity of women investors and GLI advocates	No. of GLI advocates based in SEA
	Connecting women investors	No. of co-investments by women
	Increasing GLI capital supply (gender agnostics)	% capital allocation to GLI deals

14. <https://www.intellectcap.com/wp-content/uploads/2020/03/Intellectcap-Report-Design-Final-Online-Low-Res.pdf>

INVESTMENT PROCESSING

Level of action	Focus area	Metrics
Increasing the capacity to process, channel and implement GLI within AINs.	Training financial services professionals on GLI	No. of investment practitioners trained in GLI
	Integrating gender equality principles in the investment process	Not applicable
	Advancing women in finance (e.g. financial services professionals)	No. of women investment practitioners (e.g. analyst, portfolio manager, partners) No. of women on the board of directors or other governing body
	Building gender disaggregated data	Not applicable

ENTREPRENEURS

Level of action	Focus area	Metrics
Applying certain lenses to select investment opportunities unleashing latent value for women	Women-owned or -led businesses	Sourcing <ul style="list-style-type: none"> No. of GLI opportunities sourced (across GLI spectrum) GLI distribution across geographies and sectors No. of businesses with solutions to improve women's livelihoods Investment <ul style="list-style-type: none"> No. of GLI investments across the spectrum No. of GLI investments with additional institutional funding Performance of GLI investments vs. mainstream ones Company <ul style="list-style-type: none"> Earnings by female distributors of company's products & services. No. of female employees and those promoted within the enterprise No. of female founders with an active role in the company Value of wages (including bonuses, benefits) paid to both full-time and part-time female employees
	Women in the supply chain	
	Workplace gender equality and participation	
	Products and services catering to unmet needs of women	
	Improving the lives of women in their ecosystem	

8.5 Leveraging Innovations in Financial Products tailored to GLI impact in SEA

Limited access to capital is regularly identified by women entrepreneurs as a major obstacle to business growth. Often the amount of capital and the structure that it takes is not suitable for their business needs.

Although most institutional investors are still using traditional instruments (straight debt or equity), a number of new financing instruments are emerging. For example, *Patamar Beacon Fund, IIX, and C4D Partners* provide debt, quasi-equity, and mezzanine instruments to support women entrepreneurs in SEA to address the persisting challenges in access to finance due to unconscious gender bias for example¹⁴. Instruments such as these bridge the gap between straight debt and equity appear more desirable because they cater to the specific nature of GLI investments¹⁵.

There is an opportunity to create a more tailored solution that fits the spectrum of entrepreneurs found in SEA. Due to their flexibility, AINs have the opportunity to leverage their “non asset class” model to introduce new instruments tailored to GLI.

Figure 21: Examples of New Investment Instruments and Innovative Financial Products

Instrument	Details	Relevant in GLI in SEA and examples
Mezzanine debt	<p>Typically falls between secured senior debt and equity.</p> <p>Usually not secured by any assets, and is made available to entrepreneurs based on the enterprise's ability to repay the debt from free cash flow.</p>	<p>Usually beneficial for growing enterprises as it bridges the gap between what conventional banks will lend against assets, and the total amount to raise in equity.</p> <p>Examples: C4D Partners (NL), Investing in Women (IW)</p>
Performance based debt	<p>A loan with flexible monthly repayments that are pegged to a company's key performance metrics (usually as a percentage of Revenue, EBITDA or Net Profit).</p>	<p>For women entrepreneurs who do not have full visibility of their free cash flow yet but would be able to offer a financial upside to an investor without having to share ownership.</p> <p>Examples: Decathlon Capital Partners, GSD Capital, and Lighter Capital</p>
Venture debt	<p>Generally structured as a two to three year term loan (or series of loans), with warrants for enterprise's equity.</p> <p>Usually senior debt that is secured by an enterprise's assets or by specific equipment.</p>	<p>For enterprise in growth stage who are trying to maintain ownership while accessing large pool of capital that local banks will offer</p> <p>Example: Genesis (Singapore) – denominating the debt in IDR (Indonesian Rupiah) through its partnership with CIMB Niaga</p>
Debt in local currency	<p>Debt denominated in the national currency the entrepreneur is operating in. The forex risk is borne by the Investor and not the entrepreneur.</p> <p>Peer (P2P) lending platforms are a flexible, financing alternative for women entrepreneurs.</p>	<p>Beneficial for local enterprises not exposed to foreign currency (e.g. export, subscription paid in USD) in more traditional sectors and industries, typically most of the SMEs market in SEA.</p> <p>Examples: Impact investors such as C4D Partners or Circulate Capital (Singapore) or blended funds (ICCO for C4D Partners, USAID for Circulate Capital)</p>

14. Hassan, K., Varadan, M. and Zeisberger, C. (2020) How the VC Pitch Process Is Failing Female Entrepreneurs

15. EY (2018) 'Investing in Women SEA: Tailoring finance for women SMEs'

8.6 Evolution of the AIN model for GLI

AINs are a dynamic structure and their model of operation will evolve over time according to market conditions (**See Report 1: A good practice guide to effective angel investing in this series**). This report has identified several inroads made towards the establishment of institutional funds (LP/GP or through a holding SPV) to support a greater scale of angel investing activities through pooled capital or syndicated investments in larger amounts. These pushes are usually driven by the desire to increase the volume of capital to deploy or to offer a more suitable vehicle to cater to angel investors with more capital to deploy. As an example, *Investible* established its own USD 22 million fund in 2019 alongside its network. Another example is *Ladies Investment Club* (Singapore) that pivoted in 2020 to a venture capital fund structure named *HerCapital* to focus its investment thesis on women entrepreneurs across Southeast Asia.



9

CONCLUSION



The last three years have seen encouraging development in the field of GLI in SEA, both in terms of public momentum it gained but also in terms of actions we could witness on the ground.

In the SEA market, Angel Investors have gained recognition as an important source of entrepreneurship capital, particularly for enterprises pushing technology innovations, new delivery models or unique models to make an impact on key economic, social, or governance issues. This capital is usually determinant in geographies, stages where the financial support required by an entrepreneur is too low to be economically viable for an institutional investor such as a VC or Impact Investors.

AINs offer a means to invest collectively, whilst providing various forms of assistance throughout the investment journey. This structure is particularly valued by women investors who favor a collective approach to invest and do surround themselves with expert to invest¹⁶. Women investors in SEA have played a leading role in the establishment of AIN applying GLI. Moving forward, all Angel Investors have a catalytic role to play in engaging AIN managers and demanding gender lens strategies within networks. These influences can take different forms:

- Demand for educational content related to GLI
- Referring potential angel investors with GLI material
- Demonstrate commitment to GLI by investing directly into enterprises that explicitly demonstrate gender positive characteristics

New and existing AIN have an increasing opportunity to learn from first GLI movers, both AIN and institutional Investors, to engage in a greater application of GLI:

- Understand the specific needs and constraints of investors in capturing GLI opportunities
- Develop internal capacities among management, advisors and analysts to better understand gender in distinct settings.
- Pilot different solutions to women's needs under partnership with gender experts and investor practitioners in the region

16. Data from ANGIN and Femmes Business Angels and KPMG (2017) Les Femmes et l'investissement

Appendix: Established Gender Lens Investing Toolkits

Novices to GLI methodology should start with proper guidance from leaders in the field. The following established frameworks can be used as a start to familiarize new practitioners with the key concepts:

- **Gender Lens Incubation and Acceleration (GLIA) Toolkit:** A toolkit to help ESOs in Southeast Asia curate their own customized gender strategy by providing practical guidelines, case studies, and frameworks outlining strategies for applying a gender lens to their organization, program, and ecosystem. Produced by Sasakawa Peace Foundation (SPF) and DFAT's Frontier Incubators Program.
[Available at: https://toolkits.scalingfrontierinnovation.org](https://toolkits.scalingfrontierinnovation.org)
- **Gender Lens Investing Tool: Designing an Action Plan:** This tool was created by the Criterion Institute to guide investment strategies with the consideration of key gender dynamics and the accompanying risks and opportunities they present. It is a sounding board to validate strategies and due diligence reviews.
[Available at: https://criterioninstitute.org/resources/gender-lens-investing-tool-designing-an-action-plan](https://criterioninstitute.org/resources/gender-lens-investing-tool-designing-an-action-plan)
- **MEDA's Gender Equality Mainstreaming (GEM) Framework:** A practical toolkit for assessing gender equality and incorporating gender strategies into the core operations of enterprises. It mainstreams gender across environmental, social and governance (ESG) criteria. This framework was designed for a wide range of investors and ecosystem builders.
[Available at: www.Meda.Org/Gem](http://www.Meda.Org/Gem)
- **SEAF's Gender Equality Scorecard:** A proprietary index that grades potential investments based on how they promote gender equality and monitors its investments' GLI scores over time.
[Available at: www.seaf.com/Womens-Economic-Empowerment-And-Gender-Equality/](http://www.seaf.com/Womens-Economic-Empowerment-And-Gender-Equality/)

Glossary

The list below defines how these technical terms are used for the purposes of this report. It is acknowledged that across the expansive sectors of investment and entrepreneurship some terms are used differently by other stakeholders depending on the context.

Accelerators: Structured programs that typically provide mentorship, connections, educational components, and (sometimes) capital in return for equity to help an entrepreneur grow their enterprise during a specific period; usually over the course of three to four months.

Angel investor: An individual (usually HNWI) who invests their own capital in an enterprise in its early-stages of operation (see definition of Early-Stage Enterprises below). Angel Investors often also provide mentorship and other support.

Angel investment network (AIN): A structure (formal or not) grouping Angel Investors together with the core objective to facilitate and organize early-stage investments. Additional value propositions could be offered along the investment activities such as networking, education. Core investing via a member-directed investment process may vary considerably between AINs. Each network member has input on decision-making, either through their individual decision to invest, or the decision to invest part of the network's fund.

Bootstrap: An enterprise started with little or no external funding especially from Angel Investors or VC. Usually the enterprise will only rely on the founder's existing personal resources or the cash generated from its activities.

Deal flow: The volume of business proposals or investment offers that investors receive.

Deal sourcing: A process to discover, evaluate and select investment opportunities.

Development Finance Institutions (DFIs): Specialized development banks or subsidiaries set up to support private sector development in developing countries. Usually majority-owned by national governments and often source their capital from national or international development funds, or benefit from government guarantees.

Early-stage enterprises: Enterprises that are defining and developing their business ideas, models and products; ranging from those at ideation stage to those who have already generated recurring or non-recurring revenue.

Early-stage investment: Capital transfer from investors to early-stage enterprises with the following characteristics during one of three rounds:

- **Pre-seed round:** Characterised by an ongoing ideation process, composing a team, and early development of the minimum viable product. In this type of investing, entrepreneurs pitch their business idea. Investors in this round are typically friends and family, as well as Angel Investors.
- **Seed round:** Business models still require testing and validation. Expectations of returns have slightly increased from the pre-seed stage, with strong indication of market fit based on testing – although the risks are still high. Seed investment signifies the first institutional money coming into the enterprise. The typical fundraising amount is around USD 250,000 to USD 2 million.
- **Series A round:** Early-stage enterprises that have demonstrated progress in their working business and shown potential to grow and generate revenue over a long-term period. The typical fundraising amount is around USD 1 million to USD 5 million.

Ecosystem: The network of organizations (e.g. suppliers, distributors, customers, competitors, government agencies) involved in the delivery of early-stage capital through both competition and cooperation.

Equity: The ownership stake of the company, which may be owned by a number of different parties.

Glossary

Equity crowdfunding (ECF): A method to facilitate investments from the public (a retail investment) in exchange for equity in early-stage enterprises. An online campaign platform is frequently utilised to reach a wider pool of potential investors.

Exit: The stage when an investor (usually a venture capitalist) sells their stake in a firm to realize their gains or losses.

Gender lens investing (GLI): The practice of integrating gender lens factors and data into financial analysis in order to validate investment decisions, with goals ranging from enhancing risk-adjusted returns to promoting gender equality.

High-net-worth individuals (HNWIs): Individuals with investable assets of USD 1 million or more, including primary residence, collectibles, consumables, and consumer durables. Ultra-high-net-worth individuals (UHNWIs) have investable assets over USD 30 million, excluding personal assets such as primary residence and collectibles.

Impact investing: Investments made to generate both financial return and positive social and/or environmental impacts (as identified in an investors' screening criteria). In this report, impact investors are identified as entities whose investment goals include both financial return and creating impact aligned to the UN Sustainable Development Goals (SDGs).

ICO: An Initial Coin Offering is an unregulated means by which funds are raised using new cryptocurrencies.

Incubators: Any entity that offers long-term assistance to start-ups in the form of training, management advice, and working space as a way to help entrepreneurs build the right foundation for their enterprises. They often provide investment in the form of grants or equity to support start-ups in the early-stages.

Institutional investor: Usually defined as an entity which pools money to provide grants, loans or other investment. Institutional investors in the entrepreneurship ecosystem include DFIs, banks, and microfinance institutions. In this report, institutional investors are more specifically defined as alternative investors to VC, private equity or impact investment which also provide funding to early-stage enterprises.

Intermediary: Any entity that acts as the middle-person between two parties in the ecosystem, mostly between the investors and the entrepreneurs.

Investable: An asset that can be used to make an investment. For example, cash.

Investible: An asset in which an investment can be made. For example, a start up.

Lone Wolf: An Angel Investor operating independently and outside any formal or informal Angel Investment Networks.

Manager-led AIN: A network with a dedicated individual(s) managing the operational needs, with experience and background in the investment process and/ or in the industry in which the AIN intends to focus its investments.

Member-led AIN: A network that requires active member involvement in nearly all aspects of operations. Member-led networks usually hire administrative support to handle matters such as stakeholder communications, event organization and database maintenance.

MSMEs: Micro, small, and medium-sized enterprises.

Net-worth individuals: Individuals with investable assets below USD 1 Million.

Glossary

Official Development Assistance (ODA): Government aid designed to promote the economic development and welfare of developing and emerging countries.

Pipeline: The potential ventures that the AIN has started developing. For instance, the investor pipeline refers to all start-ups that the investors are interested in.

Professional Angel: An individual who has pursued angel investing as a full-time job for more than a year.

Seed financing: A relatively small amount of capital provided to an entrepreneur to prove a concept and to qualify for later stage capital. This may pay for product development and market research as well as building a management team and developing a business plan. By this definition, pre-seed financing refers to financing to help articulate the concept.

Small and medium-sized enterprises (SMEs): Non-subsidiary, independent enterprise whose number of employees falls below certain limits. This number varies across countries.

Special purpose vehicle (SPV): A legal subsidiary, created for a specific business acquisition or transaction, which is protected from the parent company's financial risks. It can also be used as a funding structure.

Start-up: A business venture with an innovation at its core (usually ICT related) initiated by one or more highly ambitious entrepreneurs to develop a product or service and validate a scalable business model.

Start-up assistance organizations (SAOs): Entities that enable entrepreneurs and ventures at diverse growth stages to develop successful enterprises, by providing a variety of services for assistance and support.

Super Angel: The most active type of Angel Investor who typically invests larger amounts averaging from USD 200,000 to USD 500,000 per year.

Syndication: A common mechanism that allows multiple individual investors to join together and fund an investee. In doing so, investors can increase the ticket size (defined below) and negotiate for better terms, particularly when the project is regarded as too large or too risky for one Angel Investor to handle.

Ticket size: Amount invested in an enterprise by the investor(s).

Venture builder: Organizations such as accelerators and incubators that help to build start-ups from pre-seed or seed stages.

Venture capital (VC): Capital provided by a firm to small, high-risk, startup enterprises with major growth potential. VC can also refer to the organization disbursing this capital. Corporate venture capital is the practice of directly investing corporate funds into external startup enterprises through joint venture agreements and the acquisition of equity stakes. Micro VCs are venture firms that mainly invest in seed stage emerging growth enterprises.

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PT ANGIN UTAMA JAYA managing
ANGIN (Angel Investment Network
Indonesia)
Wework, Revenue Tower, Jalan Satrio
Jakarta Selatan, Indonesia
contact@angin.id