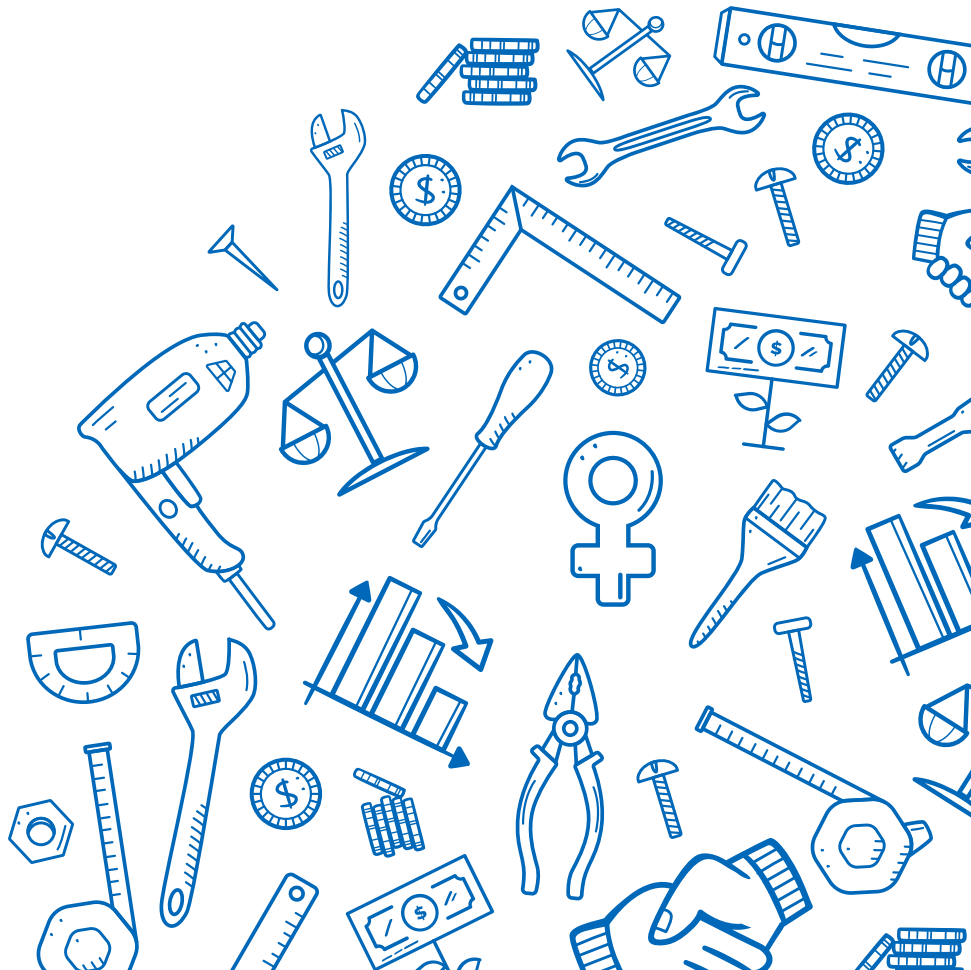




# Equity Lens Toolkit for Venture Capital Investors

## Mitigating Gender Bias within Investment Processes

---





**The shaded areas of the map indicate ESCAP members and associate members\***

The Economic and Social Commission for Asia and the Pacific (ESCAP) is the most inclusive intergovernmental platform in the Asia-Pacific region. The Commission promotes cooperation among its 53 member States and 9 associate members in pursuit of solutions to sustainable development challenges. ESCAP is one of the five regional commissions of the United Nations.

The ESCAP secretariat supports inclusive, resilient and sustainable development in the region by generating action-oriented knowledge, and by providing technical assistance and capacity-building services in support of national development objectives, regional agreements and the implementation of the 2030 Agenda for Sustainable Development.

---

\* The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

# Preface

---

This publication, The Equity Lens Toolkit (ELT), was prepared through the collaborative efforts of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Value for Women Ltd under “Catalyzing Women’s Entrepreneurship” programme, funded by the Government of Canada through Global Affairs Canada.

The ELT was developed to create and foster more inclusive investment processes for women founders across the Asia-Pacific region. It is a practical resource to guide Venture Capital firms (VCs) and investors through the journey of uncovering gender biases that inadvertently make their way into the investment process. This toolkit will equip VCs and investors with tools and frameworks to mitigate the risk of potential gender bias in the investment process and discover missed opportunities that may otherwise be overlooked. The toolkit is particularly relevant to increase access to capital for women founders and women-led businesses (WLBs) who may otherwise have been filtered out from the process.

# Acknowledgements

---

This toolkit was developed by Value for Women (VfW) in collaboration with the United Nations Economic and Social Commission for Asia and the Pacific, with funding from the Government of Canada through Global Affairs Canada. This report was prepared under the guidance of the team at United Nations Economic and Social Commission for Asia and the Pacific in Bangkok, which included:

- **Rupa Chanda**, Director of Trade, Investment and Innovation Division (TIID)
- **Jonathan Wong**, Chief of Technology and Innovation, TIID
- **Elena Mayer-Besting**, Programme Management Officer, TIID
- **Sara Diaz**, Gender and Coordination Consultant, TIID

Members of the core research and drafting team included:

**Authors:** Jennifer Linares, Alakshi Tomar, Leah Gwatimba, Trina Roy, Luis Marquez

**Editor:** Shoshana Grossman-Crist | Design: Gerardo Mejia

The study could not have been completed without the contributions and valuable inputs of Village Capital, and other partners including Ruvanara Tillekeratne, Senior Program Manager at Hatch Works Pvt Ltd (Sri Lanka), Ma Rowena L. Reyes, Director at Sweef Capital Management Pte Ltd, and Hien Tu, CEO of WISE (Vietnam).

# Table of Contents

Page

1	<b>GLOSSARY OF TERMS</b>	<hr/>
2	<b>EXECUTIVE SUMMARY</b>	<hr/>
11	<b>TAKING ACTION:</b>	<hr/>
	<b>TOOLS FOR MITIGATING BIAS WITHIN THE INVESTMENT PROCESS</b>	
12	<b>1. Deal Origination and Sourcing</b>	<hr/>
	— Analyse your deal origination & sourcing process end-to-end to uncover and counter gender bias.	
	• <b>Tool:</b> EquiSourcing Checklist	
20	<b>2. Screening &amp; Due Diligence</b>	<hr/>
	— Adopt a process for consistently collecting information on & evaluating startups.	
	• <b>Tool:</b> Smarter Systems Investor Implementation Guide	
	— Standardise your evaluation criteria to assess founders and companies, considering the gender bias implications of the criteria.	
	• <b>Tool:</b> EquiCriteria Tool	
	• <b>Tool:</b> EquiAnalyse Question Bank	
	— Evaluate your investment process and the composition of your team to mitigate the risk of inherent and unconscious gender bias.	
	• <b>Tool:</b> Due Diligence and Evaluation Processes Checklist	
38	<b>3. Post Investment Engagement</b>	<hr/>
	— Engage your portfolio companies to address bias.	
	• <b>Tool:</b> EquiBalance tool to engage portfolio companies/investees	
45	<b>CONCLUSION</b>	<hr/>

# Glossary of Terms

---

<b>DFI</b>	Development Finance Institutions
<b>ELT</b>	Equity Lens Toolkit
<b>ESCAP</b>	Economic and Social Commission for Asia and the Pacific
<b>GLI</b>	Gender Lens Investing
<b>LPs</b>	Limited Partners
<b>STEM</b>	Science, Technology, Engineering & Mathematics
<b>VC</b>	Venture Capital
<b>VfW</b>	Value for Women
<b>WLB</b>	Women-Led Business

---

## Disclaimer:

*The case studies included in this toolkit are drawn from publicly available sources and our primary research, to showcase best practices and inspire action. We do not endorse any other activities or practices of the companies featured. Additionally, we do not assume responsibility for any potential reputational risks associated with these companies.*

## NOTE:

For the purposes of this Guide, our focus is on providing useful inputs for countering bias during fundraising, with an emphasis on women founders. However, this tool is also designed to be valuable for founders, investors, and employees of entrepreneur support organisations across all genders, including men, women, and individuals identifying with other genders, and members of the LGBTQ+ community.



# Executive Summary

# Executive Summary

## About the Equity Lens Toolkit

The Equity Lens Toolkit (ELT) is a practical resource to guide Venture Capital firms (VCs) and investors, particularly those focused on early-stage ventures, in identifying and addressing gender biases that may unintentionally influence the investment process. This toolkit will equip VCs and investors with tools and frameworks to mitigate the risk of potential gender bias in the investment process and discover missed opportunities that may otherwise be overlooked. **The toolkit is particularly relevant to increase access to capital for women founders and women-led businesses (WLBs) who may otherwise have been filtered out from the process.**

The Toolkit builds on – and contributes to – a rapidly growing body of knowledge shared within the field of gender lens investing and is intended to spur action and learning. Recognising that new resources are continually emerging, this Toolkit delves into the “how” of tackling gender bias within the investment process and is designed to complement the work of our partners and colleagues cited throughout this paper.

While this Toolkit focuses specifically on gender bias, we acknowledge that gender bias does not operate in a vacuum. Many women face overlapping forms of bias, highlighting how different types of discrimination—such as those based on race, socio-economic status, caste, gender—intersect and compound, creating unique and complex challenges. We recommend

that investors not only examine gender bias but consider other biases related to these intersecting identities. The tools and strategies outlined in this Toolkit can be considered to address these different forms of bias. By adopting a more comprehensive approach, investors can better support a diverse range of entrepreneurs and foster a more inclusive investment landscape.

## Methodology

The toolkit was developed through a combination of primary and secondary research methods. Online and in-person key informant interviews were conducted with investors, founders, and researchers across the Asia-Pacific region, specifically in Vietnam and Sri Lanka, to gather detailed insights from a diverse range of stakeholders. This approach helped collect quantitative and qualitative data directly from individuals with relevant expertise and experience. Additionally, validation sessions were held at the [Feminist Finance Forum 2024](#), where initial findings were presented and discussions with participants (investors and founders) were conducted to gather feedback and ensure the results reflected the broader community’s perspectives. Alongside these primary research efforts, existing literature, including academic articles, industry reports, and case studies, were extensively reviewed to build a robust foundation for this report.





## Toolkit Objective

The overall objective of this toolkit is to provide concrete, practical pathways for understanding and tackling gender bias within investment processes. In this toolkit, we focus on the systematic and often unconscious gender bias against women founders or WLBs. The toolkit aims at building the capacity of VCs to:

- 1** Understand gender bias within their organisations;
- 2** Mitigate gender biases and identify opportunities within the investment processes of their firms;
- 3** Get inspired by success stories and case studies from the Asia-Pacific region that provide examples of activities VCs can take to mitigate gender bias.

## Who is the ELT for?

The ELT was developed for VCs and investors in the Asia-Pacific region interested in uncovering how gender bias plays out and can be countered within their investment process. Other actors who may also find the Toolkit useful are investment professionals, limited partners (LPs), asset managers, foundations, family offices and development finance institutions (DFI) that provide capital to startups both within and beyond the region.



## Unlocking potential: Why investing in women matters



In emerging markets, there is a significant lack of representation of women in leadership positions and as founders of companies that receive VC and private equity (PE) funding.

There is a gender disparity in representation and funding for women founders in the Asia-Pacific region specifically.

- In emerging markets, only 7% of total VC and PE funding goes to WLBs.<sup>1</sup> Furthermore, WLBs in emerging markets receive only 65% of the median funding that men-led businesses get.
- **In Asia**, 89.5% of VC funding went to startups with only men on the founding team, 8.6% to startups with mixed-gender founding teams, and **1.8% to startups with only women on the founding team** in 2021.<sup>2</sup>
- In the Asia-Pacific region, only 5.7% of startups are led by women, which has not changed for the past five years, according to J.P. Morgan.<sup>3</sup> A startup refers to a company in the first stages of operations, founded by one or more entrepreneurs to develop a product or service.<sup>4</sup>



<sup>1</sup> International Finance Corporation, "Moving Toward Gender Balance in Private Equity and Venture Capital", (Washington D.C., IFC, 2019).

<sup>2</sup> Developed by Village Capital, "Smarter Systems: How Tweaking Your Diligence Process Can Unlock Overlooked Opportunities-Investor Implementation Guide" (Washington D.C., IFC, 2023). Available at <http://www.vilcap.com/smarter-systems>

<sup>3</sup> Wee, Denise. "JP Morgan says "shockingly low" number of startups in Asia led by women." *Yahoo Finance*. 8 March 2023.

<sup>4</sup> Aidin Salamzadeh and Hiroko Kawamorita, "Startup Companies: Life Cycle and Challenges." *Proceedings of the 4th International Conference on Employment, Education and Entrepreneurship (EEE)*, (Belgrade, Serbia 2015).



**Despite the gap in access to finance for women in emerging markets, WLBs are high-performing investment opportunities for VCs and investors.**

Women founders bring diverse backgrounds, knowledge, and experience that contribute to their business performance. Gender-diverse leadership teams of portfolio companies are positively associated with higher returns.<sup>5</sup>

- At a portfolio level, gender-balanced leadership teams are correlated with approximately 25% greater increases in valuation than unbalanced teams in emerging markets in VC/PE investments.<sup>6</sup>
- On average, women generate 78 cents of revenue for every dollar invested, compared to 31 cents for men.<sup>7</sup>
- Diverse teams outperform homogeneous ones, especially when solving complex problems.<sup>8</sup>



5 International Finance Corporation, "Moving Toward Gender Balance in Private Equity and Venture Capital", (Washington D.C., IFC).

6 Ibid

7 UBS, The Funding Gap Investors and Female Entrepreneurs. Available at <https://www.ubs.com/global/en/wealth-management/women/insights/2021/funding-gap.html>.

8 Vivian Hunt Vivian and others, Diversity wins: How inclusion matters. "Available at [https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#/"](https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#/)



**Unconscious gender bias is inherent and can be present in all stages of the investment process, leading to missed investment opportunities with potential high returns.**

Unconscious gender bias disadvantages women and negatively affects their access to capital.

- When women founders with very similar backgrounds and startups of the same quality to those of their men counterparts pitch their companies and seek VC, they are less likely to raise funding.<sup>9,10</sup>
- Even when presenting the same pitches as women, men founders are more successful and preferred by investors.<sup>11</sup>
- Pitches presented by men are seen to be more persuasive, fact-based, and logical.<sup>12</sup>
- Companies founded or co-founded by women, on average, receive less than half the investment awarded to companies founded or co-founded by men.<sup>13</sup>
- In a survey of 279 women founders in the United States of America, 62% stated having faced bias during the fundraising process.<sup>14</sup>

## WHAT IS GENDER BIAS?

**Gender bias refers to systematic, often unconscious, prejudice favouring or discriminating against individuals based on their gender.** This toolkit focuses on the systematic and often unconscious prejudice against women founders or women-led businesses regarding funding decisions. Unconscious gender bias in investment scenarios can occur due to the historical underrepresentation of women, societal stereotypes, networking dynamics favouring men, and cognitive biases<sup>15</sup> towards conventional leadership norms, perpetuating gender disparities in funding allocations.<sup>16</sup>

9 Hebert Camille. "Gender Stereotypes and Entrepreneur Financing" *10th Miami Behavioral Finance Conference (2023)*.

10 Alison, W. Brooks and others, "Investors prefer entrepreneurial ventures pitched by attractive men." *Proceedings of the National Academy of Sciences of the United States of America (PNAS)* 111, no. 12: 4427-4431 (2014).

11 Ibid

12 Ibid

13 Katie Abouzahr and others, "Why Women Owned Startups Are a Better Bet," Boston Consulting Group.

14 Mohan Pavithra, "This is What Women Endure When Trying to Raise Capital." *Fast Company*, 18 September, 2018.

15 Cognitive biases are unconscious and systematic errors in thinking that occur when people process and interpret information in their surroundings and influence their decisions and judgments - Da Silva Sergio, Gupta Rashmi and Mozani Dario, "Editorial: Highlights in psychology: cognitive bias" *Frontiers in Psychology* 14: 1242809 (July 2023).

16 Van den End Saskia, "The Elephant in the Room: The Role of Unconscious Bias in Venture Capital Decision-making", Antler, 29 March 2023. Available at <https://www.antler.co/blog/the-elephant-in-the-room-the-role-of-unconscious-bias-in-venture-capital-decision-making#:~:text=%E2%80%8DSimilarity%20bias%20is%20the%20tendency,the%20success%20of%20the%20startup.>



**Detecting bias can be difficult. However, when processes are not designed to mitigate bias, they inhibit access to capital.**

- Many of us have what is called a **“bias blind spot.”** Through this blind spot, we might find it easier to spot bias in others as opposed to in ourselves.<sup>17</sup> Although we may want to say that we are not biased and do not see gender when evaluating potential investments and that we evaluate companies based on merit only, we still inherently hold biases that are unconscious and inadvertently make their way into evaluation processes.
- **When bias is ignored, we neglect the multiple barriers that prevent women founders from accessing capital.** These barriers can be
  - Industry-wide (for example, some sectors are men-dominated, and getting a foot in is more challenging for women)<sup>18</sup>;
  - Organisational (how and where investors source deals, how investors assess, how investors make decisions); and
  - Interpersonal (for example, leadership qualities are generally associated with masculine roles and behaviour, but by acting as leaders, women go against feminine stereotypes and are penalized; on the contrary, by acting feminine, women aren't seen as leader-like, and are again penalized.<sup>19,20</sup>)



**Designing out bias from the investment process to enable access to WLBs is a core strategy of gender lens investing (GLI).**

- Gender lens investing is the deliberate incorporation of gender factors into investment analysis and decisions to improve social and business outcomes.<sup>21</sup>
- More specifically, GLI<sup>22</sup> refers to the actions and processes that investors develop to intentionally invest in businesses and/or solutions that are:
  - led by women;
  - provide products and services that intentionally seek to close gender gaps or that are designed to meet the specific needs of women or girls;
  - promote gender diversity in the workforce through the implementation of progressive internal policies and practices, and strengthen the way business models reflect inclusion and diversity across operations; and/or
  - provide specific support and opportunities for women and WLBs in their value chain.

<sup>17</sup> Richard West and others, “Cognitive Sophistication Does not Attenuate the Bias Blind Spot”, *Journal of Personality and Social Psychology*, 103, no. 3: 506–519. (2012)

<sup>18</sup> Van den End Saskia, “The Elephant in the Room: The Role of Unconscious Bias in Venture Capital Decision-making”, Antler, 29 March 2023.

<sup>19</sup> Sven Kachel, Melanie Steffen and Claudia Niedlich, “Traditional Masculinity and Femininity: Validation of a New Scale Assessing Gender Roles”, *Frontiers in Psychology*. Vol 7 (2016): 164027.

<sup>20</sup> Siri Chilazi, Advancing gender equality in venture capital. *What the Evidence says About the Current State of the Industry and How to Promote More Gender Diversity, Equality, and Inclusion*. Harvard Kennedy School.

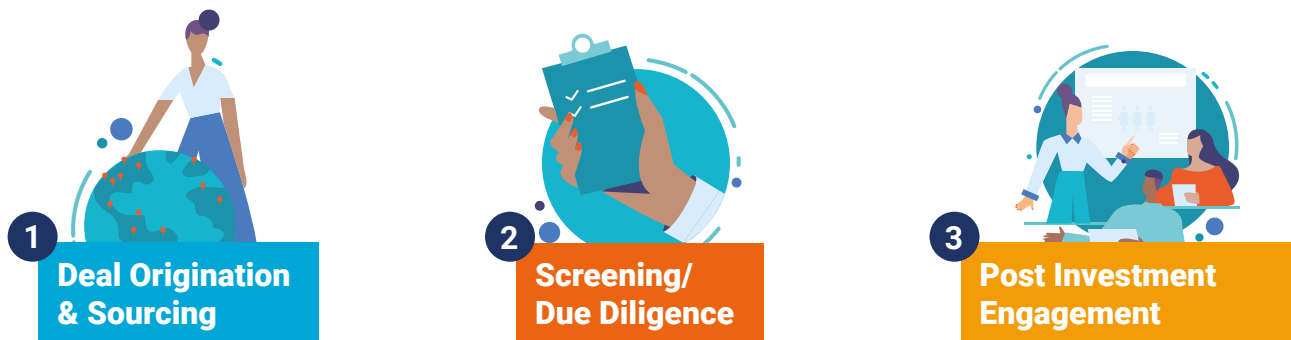
<sup>21</sup> Developed by the authors, based on the definition found in: Joy Anderson and Katherine Miles, *The State of the Field of GLI. A Review and a Roadmap*. (Criterion Institute 2015) <https://www.criterioninstitute.org/resources/report-state-of-the-field-of-gender-lens-investing>.

<sup>22</sup> To learn about GLI specifically, refer to the [Gender Lens Investing How-To Guide specifically](#).

## How to use this toolkit?

There is no singular or linear path to reducing bias and investing with a gender lens, and there is no single 'one-size-fits-all' approach to meet the needs and thesis of all investors. Additionally, given that bias is ingrained or inherent, it cannot be absolutely removed from us, but rather, it can be mitigated for and/or designed out of investment processes.

With that in mind, the ELT outlines various options for mitigating and reducing bias within the investment process focusing **on three stages**:



Investors can customise their approach to get started and/or deepen their involvement based on their stage of interest and/or specific context like geographic focus, fund maturity, etc. For example, a newly launched investor targeting early-stage ventures and emerging markets may prioritise sourcing strategies to identify women founders, and a more seasoned investor may focus on refining due diligence processes.

## Investor Journey Map & Tools Funnel

By focusing on the 3 stages, we deep-dive into specific areas where biases are most likely to occur and provide actionable insights to mitigate those biases and foster a more inclusive VC ecosystem. While exit and deal structuring are important, investors we spoke with highlighted that biases at these stages may not directly impact investment decisions as significantly. This toolkit therefore focuses on areas where bias more directly impacts investment decisions.





**START HERE**

Click on any stage or tool in the investor funnel to go there. Similarly, on each of these pages you can click on the back icon to return to this chart.

INVESTOR'S JOURNEY

INVESTOR'S JOURNEY



**Deal Origination & Sourcing**

EquiSourcing Checklist



**Screening & Due Diligence**

Smarter Systems Investor Implementation Guide

EquiAnalyse Question Bank

EquiCriteria Tool

Due Diligence and Evaluation Processes Checklist



**Post Investment Engagement**

EquiBalance tool to engage portfolio companies/investees

**Taking measures to mitigate unconscious gender bias opens up your pool of viable investments**

No measures to mitigate bias



More measures to mitigate bias adopted



More inclusivity and diversity within your pipeline and portfolio



**More balanced amount of men & women**





A woman with long dark hair, wearing a light-colored blazer and glasses on her head, is focused on her work. She is sitting at a wooden desk, typing on a silver laptop. The background shows a modern office environment with a dark acoustic panel on the left and a window with blinds on the right. The lighting is soft and professional.

**Taking Action:** Tools for mitigating unconscious gender bias within the investment process

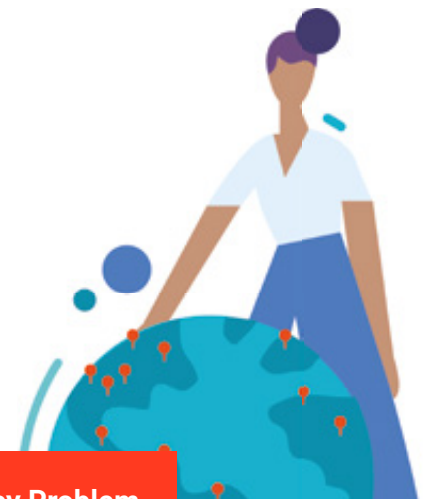
Deal Origination  
& Sourcing

## Not addressing gender biases within deal origination and sourcing can lead to overlooking women-led businesses.

Investors focusing on early-stage ventures typically rely on two main avenues to source their investment pipeline:

1. Referrals from within their professional networks to recognise talent and potential;
2. “Cold” solicitations via email or website and responses to calls for applications.

With men constituting the majority of the investor landscape, their networks predominantly consist of other men. Cultural barriers often hinder women’s ability to network effectively with men, further reinforcing gender disparities in the investment community. Additionally, cold solicitations and calls for applications often show inherent gender biases. These biases manifest in the language used, which may implicitly suggest men founders, and in visual elements on investor websites that mainly feature men entrepreneurs. Although effective in identifying startup founders, referrals can perpetuate **unconscious gender biases within deal origination and sourcing, making it hard to reach certain groups of founders, notably women.**



### Key Problem

Within your sourcing activities, you may unconsciously be overlooking women-led businesses that present innovative solutions, strong performance, and potentially high returns on investment.

### Desired Outcome

A diversified and balanced pipeline of companies, with an increased number of women-led businesses.



Return to  
Investors Funnel



## UNDERSTANDING THE ROOT CAUSE

- **Referrals often come from a limited group of people who share similar traits, which can reinforce existing biases.**<sup>23</sup> Additionally, when networks are homogeneous, women may have fewer referral opportunities. This is because they are less likely to be part of these networks. For example, entrepreneurship networks in STEM-related businesses dominated by men will likely lead to more men-led enterprises hearing about a specific investment opportunity.
- **WLBs struggle to gain visibility and recognition in men-dominated referral networks.** These networks include potential clients, partners, mentors, and investors who provide support and opportunities necessary for business growth. In many instances, women avoid networking because they see it as inauthentic or performative. More importantly, time poverty restricts their ability to engage in networks and activities outside their typical work day and this hinders their ability to gain visibility.<sup>24</sup>
- Research shows that women are typically **more cautious when applying for opportunities, often doing so only when they meet all the criteria.** In contrast, men are more likely to apply even if they do not meet all the requirements.<sup>25</sup> A similar effect is likely to affect women founders' participation in calls for applications, limiting their access to investment opportunities.
- **When present, biases like "affinity bias" may cause investors to miss out on high-potential investments in founders who are not like them.** Affinity bias is the tendency to prefer those who look or act like us. It makes us prefer people who are similar to us while rejecting those who are different. This is important for investors to be aware of. **If all partners in an investment firm are men or decision-makers are unaware of this bias, women may receive little to no investment.**

## Strategies and tools for improving deal origination & sourcing processes and addressing gender bias



### ANALYSE YOUR DEAL ORIGINATION & SOURCING PROCESS END-TO-END TO UNCOVER AND COUNTER GENDER BIAS.

Assess the deal origination and sourcing process end-to-end, which includes starting with reach, engagement with founders, channel utilisation, communication style, etc. The goal is to identify any blind spots that may be preventing you from accessing a larger pool of businesses, and increasing your reach to WLBs.

<sup>23</sup> Van den End Saskia, "The Elephant in the Room: The Role of Unconscious Bias in Venture Capital Decision-making", Antler, 29 March 2023. "Available at <https://www.antler.co/blog/the-elephant-in-the-room-the-role-of-unconscious-bias-in-venture-capital-decision-making#:~:text=%E2%80%8DSimilarity%20bias%20is%20the%20tendency,the%20success%20of%20the%20startup>"

<sup>24</sup> Herminia Ibarra, Robin J. Ely, and Deborah M. Kolb, "Women Rising: The Unseen Barriers", Harvard Business Review, September 2013. Available at <https://hbr.org/2013/09/women-rising-the-unseen-barriers?registration=success>.

<sup>25</sup> Tar, S. Mohr, "Why Women Don't Apply for Jobs Unless They're 100% Qualified" Harvard Business Review, 25 August, 2014. Available at <https://hbr.org/2014/08/why-women-dont-apply-for-jobs-unless-theyre-100-qualified>.

**TOOL:**

## EquiSourcing Checklist<sup>26</sup>

Unconscious gender biases within your deal origination and sourcing processes may be limiting the visibility and access to investment opportunities for WLBs. Use this checklist to mitigate against bias and further diversify your pipeline.

### HOW TO USE THIS TOOL



*As you initiate deal sourcing, your team can utilise the checklist below to identify the required action steps to ensure an unbiased process. You can progressively integrate sourcing practices outlined in the checklist based on your context and resource availability. There is no specific prescribed starting point, and this checklist outlines various options for creating a customised action plan.*

1. Review each item on the checklist to understand the suggested actions and areas of intervention.
2. Pick and prioritise actions based on your current resource availability and strategic objectives. Identify which items are most critical for immediate implementation and associated strategies.
3. Assign responsible team members or departments for each prioritised action. As actions are completed, tick off the box and track progress. Create additional tracking mechanisms and metrics for each action item to ensure streamlined implementation.

[Return to Investors Funnel](#)



<sup>26</sup> Developed by the authors, and the key concepts and frameworks included in the EquiSourcing Checklist were adapted from MIT D-Lab's [Sourcing Maze tool](#).

# EquiSourcing Checklist

Click on the status circle to check the steps you have completed



## Understand discrepancies in your pipeline

### WHAT CAN YOU DO?

Analyse your existing deals and look for patterns to understand specific avenues where women-led deals are coming from.

### STATUS



### HOW WILL YOU DO IT?

1. Collect data to respond to the following questions:
  - Out of the deals in your pipeline, what percentage are women-led businesses?
  - Are women-led businesses disproportionately dropping off or being rejected? If so, why?
  - Are women-led deals more likely to come through some channels and not others?
  - Do the number of women-led deals that are qualified and/or ultimately receive investment come through some channels and not others?
2. Utilise the [2x Global criteria](#) to set gender targets and minimum standards for sourcing.

---

Track sex-disaggregated<sup>27</sup> investment pipeline metrics to detect unconscious gender biases in screening processes for women-led businesses.



## Understand the activities and needs of women founders

### WHAT CAN YOU DO?

Talk to women founders in your pipeline to understand their investment needs.

### STATUS



### HOW WILL YOU DO IT?

- Utilise [The Entrepreneur Sourcing Journey tool](#)<sup>28</sup> - Understand the sourcing experience from the woman founder's point of view.
- Utilise [The Female Entrepreneur Persona tool](#)<sup>29</sup> - Understand women founders as a target segment.

---

Conduct a rapid market research to identify women's participation and needs in your sectors of interest.



## Develop relevant and appealing messaging that speaks to women founders

### WHAT CAN YOU DO?

Develop messaging that resonates equally with men and women founders.

### STATUS



### HOW WILL YOU DO IT?

- Utilise the [VfW Communications & Gender Checklist](#)
  - Written Communication
  - Audio-visual Representation

---

Ensure the fund/your investor profile is well-positioned and accessible to attract businesses led by women.




---

Ensure messaging demonstrates an understanding of women founders' capital and non-financial needs.



<sup>27</sup> Gender-disaggregated data - data that is collected and analysed separately on men, women and individuals identifying as non-binary

<sup>28</sup> MIT-D Lab, "Gender Lens Investing - Sourcing - 3 Tools" MIT-D Lab, [https://d-lab.mit.edu/sites/default/files/inline-files/Gender%20Lens%20Investing%20-%20Sourcing%20-%203%20Tools\\_edits\\_mem\\_2-2.pdf](https://d-lab.mit.edu/sites/default/files/inline-files/Gender%20Lens%20Investing%20-%20Sourcing%20-%203%20Tools_edits_mem_2-2.pdf) (Accessed on April 30, 2024).

<sup>29</sup> Ibid



# EquiSourcing Checklist

Click on the status circle to check the steps you have completed



## Diversify your sourcing channels

### WHAT CAN YOU DO?

Diversify your referral network to include more women.

### STATUS



Leverage partnerships with ecosystem players with a high percentage of women-led businesses in their network.



### HOW WILL YOU DO IT?

- Prioritise referrals from gender lens investors and women-focused investors, networks, and portfolio companies. For a global list of gender lens investors and relevant organisations see -
  - [GIIN Repository](#)
  - [2X Global](#)
  - [Project Catalyst report](#) (2X Global & Sagana)
- Expand networks with women entrepreneurship programs, business networks, and partnerships with accelerators/incubators.
- Build partnerships with business schools to discover women-led businesses. Engage with women working in relevant companies/industries (for example in consulting, finance and consumer services) to create a pipeline of future business leaders.



## Build the capacity of your team

### WHAT CAN YOU DO?

Identify and address gender biases within the team through targeted training sessions.

### STATUS



Hire individuals who are gender aware or experts on gender integration/strategy.



### HOW WILL YOU DO IT?

- Provide your team with training opportunities on topics like identifying and addressing bias, and gender lens investing
- Utilise the [50 Ways to Fight Gender Bias Cards](#) with your team to identify bias.
- Utilise the [Gender Smart Nexus](#) to identify opportunities for investing with a gender lens.
- Utilise the [How to Invest with a Gender Lens Guide](#) to sensitise your team.



## CASE STUDY

## ANALYSING AND IDENTIFYING EFFECTIVE CHANNELS TO SOURCE WOMEN-LED BUSINESSES

[Patamar Capital](#), a VC firm in South-East Asia, proactively took steps to eliminate unconscious gender biases<sup>30</sup> by diversifying its pipeline and adopting a gender lens across its investment processes, following a commitment to gender lens investing to make better investment decisions.

As with most VC firms, Patamar's traditional model for pipeline development relied on informal referrals, network recommendations, attending business-related events, and relationships with other actors in the broader entrepreneurship ecosystem. As many professional networks in South-East Asia are men-dominated, this posed a challenge for finding investment-worthy WLBs. In response, the firm began **proactively attending women-focused events, targeting women founders, and using these touchpoints as gateways to further networking activities. These activities allowed for progress in developing a pipeline of eligible WLBs.**<sup>31</sup>

## IN FOCUS

## ADOPTING THE 2X CRITERIA TO TRACK GENDER METRICS AGAINST GLOBAL STANDARDS

The 2X Criteria are a global baseline standard for gender finance. The 2X Challenge, underpinned by the 2X Criteria, has played an important role in building the field of gender lens investing (GLI), for which mitigating and designing bias out of investment processes is a core strategy. The 2x Criteria consists of standardised metrics that are applicable to investors and their investments, reducing the impact of subjective opinions and personal biases. It gives a baseline/ minimum common denominator for investing with a gender lens across asset classes, markets, and regions, aiming to promote gender equality and women's empowerment. It covers aspects such as governance, accountability, and gender data, as well as specific requirements for safeguarding human rights. This creates a more equitable investing environment where all progress is assessed based on standard criteria. Read more [here](#).



<sup>30</sup> Patmar Capital, "The hard thing about Gender Lens Investing," Patmar Capital 1 April, 2021.

<sup>31</sup> Ernst and Young, "Investing in Women South-East Asia Case Study Series: Patamar Capital" (Ernst and Young, 2019). Available at [https://investinginwomen.asia/wp-content/uploads/2019/10/IW-Case-Study\\_Patamar-Capital\\_OCT-2019\\_Final-002.pdf](https://investinginwomen.asia/wp-content/uploads/2019/10/IW-Case-Study_Patamar-Capital_OCT-2019_Final-002.pdf).

## DEVELOPING PARTNERSHIPS TO SOURCE WOMEN-LED BUSINESSES

**Accelerating Asia**, a VC accelerator investing in South-East and South Asia, sought to increase capital disbursement in women-led businesses. **Accelerating Asia developed partnerships with women-focused angel networks and networks with many women investors and publicly communicated commitments to investing in women-led businesses.** The fund leveraged its diverse leadership team for leads and proximity to women investors and founders. As a result, women-led businesses made up 35% of the portfolio of Accelerating Asia's first fund. This percentage increased to 50% of its second fund. In total, women-led businesses in these two funds secured more than US\$24.7 million in external equity capital.<sup>32</sup>

**Teja Ventures** is a pan-Asian VC fund focused on the "She Economy." In 2013, Virginia Tan, founder of Teja Ventures, founded "Lean In China," now one of Asia's largest communities for women. Virginia also founded "She Loves Tech," the world's largest women and tech start-up competition held across 70 countries.

**Leveraging a unique positioning with women founders, partnerships with She Loves Tech, and notably with the Angel Investment Network of Indonesia (ANGIN), Teja Ventures maintains a deal-sourcing edge with women-led startups.** Of its ten portfolio companies, six are led by women. Beyond funding, Teja Ventures advises its portfolio on fostering gender inclusivity and measures their gender impact alongside financial metrics.<sup>33</sup>

<sup>32</sup> Loretta, Foran, Kathleen Nathaly. B. and Liana Korkotyan, *Scaling Equity: Lessons from Accelerators Supporting Women-led Startups in Emerging Markets* (Washington, D.C., The World Bank, 2023).

<sup>33</sup> Sasakawa Peace Foundation, *Gender Lens Investing Landscape Report*. (Sasakawa Peace Foundation, 2020).



**Taking Action:** Tools for mitigating unconscious gender bias within the investment process

Screening &  
Due Diligence



## Inconsistent screening and due diligence processes may cause women-led businesses to drop off at an early stage.

Despite generating more revenue than their male counterparts<sup>34</sup>, **women founders are not always evaluated in the same way, leading to VCs overlooking opportunities with significant potential returns.**

During the investor's screening and due diligence processes, companies may drop off for various reasons. **Unconscious gender bias can create disparities that result in women-led ventures being more likely to be eliminated by investors or to drop out of the process sooner, thus missing potential investment opportunities.** Research indicates that biases in evaluation criteria, questioning styles, and network access often disadvantage women-led ventures, making it more challenging for them to secure funding compared to their men counterparts.



### Key Problem

At the screening, due diligence, and evaluation stage, you may be overlooking women founders that are strong investment opportunities.

### Desired Outcome

Standardise and ensure consistency in the way startups are evaluated in your firm so as to address gender bias, thereby further diversifying your pipeline and portfolio.



Return to  
Investors Funnel



<sup>34</sup> UBS, The Funding Gap Investors and Female Entrepreneurs. Available at <https://www.ubs.com/global/en/wealth-management/women/insights/2021/funding-gap.html>.

## UNDERSTANDING THE ROOT CAUSE

- When women and men founders with very similar backgrounds and startups of the same quality, pitch their companies and seek VC funding, investors are less likely to invest in women founders.<sup>35</sup>
- Investors tend to ask women-led startups more risk-related questions and men-led startups more growth-related questions. **Research shows that during fundraising, 67% of questions to men founders are promotion-oriented, focusing on achievements and goals, while 66% of questions to women founders are prevention-oriented, focusing on safety and responsibility.** Promotion questions lead to ‘promotion’ answers, highlighting growth and potential, whereas prevention questions elicit ‘prevention’ answers, emphasizing caution and risk management. This questioning pattern perpetuates bias, as it frames men more positively and women more cautiously, increasing the funding disparity.<sup>36</sup>
- **“Lack of fit” bias** can be especially present in the screening and due diligence stage. **It demonstrates itself as an implicit bias whereby women are not seen to match the “fit” or stereotypical profile or traits of a founder, specifically in a male-dominated sector.** For instance, a woman founder might face worse funding-related outcomes if she is fundraising for a venture in a traditionally men-dominated industry like fintech or logistics, as opposed to when fundraising for a venture in a women-dominated industry such as fashion-tech or ed-tech. On the other hand, fundraising outcomes for men-led ventures do not vary much based on the industry they are in.<sup>37</sup> Investors likely evaluate women less favourably than men because they perceive attributes typically associated with women to not match with those required to be a competent founder with potential for success.<sup>38</sup> Specifically, women-led ventures in men-dominated industries are perceived to have a lower degree of fit between the founding CEO and the venture, while no such fit differences are perceived for men-led ventures across different industries.<sup>39</sup>

35 Hebert Camille. “Gender Stereotypes and Entrepreneur Financing” 10th Miami Behavioral Finance Conference (2023).

36 Dana Kanze and others, “Male and Female Entrepreneurs Get Asked Different Questions by VCs — and It Affects How Much Funding They Get”, Harvard Business Review, 27 June 2017.

37 Dana Kanze and others, “Evidence that investors penalize female founders for lack of industry fit”, Science Advances, vol 6 Issue 48 (November 2020). Available at <https://www.science.org/doi/10.1126/sciadv.abd7664>.

38 Alice, H. Eagly and Steven, J. Karau, “Role congruity theory of prejudice toward female leaders.” *Psychological review* 109, no. 3: 573 (2002).

39 Dana Kanze and others, “Evidence that investors penalize female founders for lack of industry fit”, Science Advances, vol 6 Issue 48 (November 2020). Available at <https://www.science.org/doi/10.1126/sciadv.abd7664>.



## Strategies and tools for improving your screening and due diligence processes and addressing gender bias

### ADOPT A PROCESS FOR CONSISTENTLY COLLECTING INFORMATION ON AND EVALUATING STARTUPS.

To make your evaluations more rigorous and consistent, and to reduce the risk of overlooking key risks or growth opportunities for all startups, investors can ask growth- and risk-related questions, in addition to questions that evaluate soft skills. Specifically, when developing evaluation criteria, it is important to watch out for areas where there could be gender bias. Certain criteria, when not standardised, can disadvantage women founders.



#### TOOL:

### Smarter Systems Investor Implementation Guide<sup>40</sup>

Return to  
Investors Funnel



Village Capital developed the [Smarter Systems: Investor Implementation Guide](#) to help investors reduce discrepancies and improve accuracy in their evaluation processes. The Guide offers structured evaluation methods to improve objectivity and accuracy in startup assessments, leading to better investment decisions, and reduced risks of overestimation due to biases. This tool includes **three steps** for addressing gender bias within the due diligence stage.

#### HOW TO USE THIS TOOL



*Sections of the Smarter Systems Investor Implementation Guide have been integrated into this 3-step tool. Investors can review the recommendations found here and incorporate the question banks and templates from this toolkit directly or visit [the Smarter Systems webpage](#) to download the guide and use tools found there.*



#### **Step 1: Collect data to understand startup risks and growth opportunities comprehensively.**

This includes incorporating questions focused on risk and growth opportunities into your evaluation framework. This approach helps ensure that no essential areas are missed while evaluating a particular company.

Below, we include a key question bank from the Smarter Systems guide focused on risk- and growth-oriented questions that can be incorporated into your evaluation framework.

<sup>40</sup> Developed by Village Capital, "Smarter Systems: How Tweaking Your Diligence Process Can Unlock Overlooked Opportunities-Investor Implementation Guide" (Washington D.C., IFC, 2023). Available at <http://www.vilcap.com/smarter-systems>



**QUESTION BANK:****Assessing risk and growth****HOW TO USE**

*When assessing pitch decks and interviewing founders, your team can utilise the question bank below and take conscious steps to balance risk and growth-related questions that give all founding teams an equal chance to present their pitch.*

**AIM TO ASK FOUNDERS ROUGHLY EQUAL QUESTIONS FROM BOTH COLUMNS<sup>41</sup>****Risk-oriented questions**

- How long will it take you to break even?
- What potential regulatory issues or future government mandates are possible?
- How long do users spend on the platform before leaving?
- How are you going to protect your IP?
- How much of this are you actually doing in-house?
- How predictable are your future cash flows?
- How will you ensure quality as you scale?

+ your additions

**Growth-oriented questions**

- What makes you unique?
- How do you plan to increase sales?
- How much can revenue increase by expanding into new markets?
- Does the company have plans to work with partners?
- How are you going to acquire new customers?
- What is the brand's vision?
- What milestones are you targeting this year?
- What strategy do you have in place to enter markets with similar offerings?

+ your additions

**Step 2: Evaluate a startup's ability to identify and make improvements to strategy to assess its growth potential.**

When evaluating startups, assessing their ability to identify and make improvements to their strategy is essential to understanding their growth potential. A startup's ability to improve includes any changes, adaptations, strengthening, or adjustments made that allows them to continue on a path for growth. You can measure a startup's improvement over time by identifying key areas for improvement that matter to your funding thesis and adding categories to your framework that evaluate improvement in a standardised manner across a scale from no improvement to strong improvement. Lastly, when adding startups to your watchlist, you can collect baseline data on startups and their team's abilities to measure their future improvement and revisit and evaluate the startup's progress in your key areas.

41 Ibid

## QUESTION BANK:

## Assessing the ability to improve

## HOW TO USE



When evaluating the company your team can use the question bank below to evaluate all categories comprehensively and consistently.

SAMPLE QUESTION BANK:<sup>42</sup>

- What progress have you made since you first pitched to us/ we last met?
- Have you made any changes since you first pitched to us/we last met? Why did you make those changes?
- Have you reached new milestones? How did you reach them?
- Have you changed the way you think about your startup's future and path to get there? Why and how?
- Have you made any updates to your growth strategy based on feedback received from others?
- Has this company demonstrated that it has considered multiple paths to growth?
- Has this company made material changes to its business model to ensure growth?
- What have been some ways in which you made improvements to your research and development?
- Could you walk us through how your product design has evolved? What were some key upgrades?

+ your additions

**Step 3: Pre-define evaluation criteria.**

Pre-defining and pre-weighting your evaluation criteria consistently for startups in different sectors reduces bias and ensures consistent evaluations across all categories that are important to you. To pre-define and pre-weigh your evaluation criteria, you can look back at your previous investments to identify the most common decision-making factors and search for gaps and opportunities within your criteria to more consistently evaluate startups. After every investment committee meeting, you can revisit your criteria to ensure that the startups you're putting forward are still the best according to your predefined standards. If required, you can make changes to the pre-defined criteria based on any new insights, or continue with the same evaluation framework. Critically analysing your evaluation criteria ensures that your investment decisions are aligned with your original goals and allows you to identify and mitigate potential biases in the decision-making process.



For additional question banks and information-capturing templates to improve accuracy in your evaluation processes, see the [Smarter Systems Guide here](#).

<sup>42</sup> Ibid

## CASE STUDY

## KEEPING AN EYE ON BIAS DURING EVALUATION AND DATA-BASED DECISION MAKING

[500 Startups](#) is a tech-focused global investment firm that manages 17 thematic funds in diverse geographies and sectors and has a Vietnam-focused fund. While 500 Startups does not have a formal gender lens investing policy, it has a company-wide commitment to promoting diversity. In Vietnam, one of the manifestations of this commitment is the investing team's tracking of the gender composition of companies' leadership teams, with extra consideration given to women. Specifically, the Vietnam team reports whether each company is women-led, and they allocate more time to reviewing applications from companies with women founders. The Vietnam team also tracks gender-disaggregated data within and between rounds of financing, to uncover and mitigate unconscious bias against women founders. By analyzing this data, they identify patterns of bias, and work towards achieving gender balance throughout the funding process. This approach addresses the very real and documented gap that women founders face in obtaining subsequent rounds of financing following an initial investment.<sup>43</sup>



### STANDARDISE YOUR EVALUATION CRITERIA TO ASSESS FOUNDERS AND COMPANIES, CONSIDERING THE GENDER BIAS IMPLICATIONS OF THE CRITERIA.

To help inform their investment decisions, investors often resort to pattern recognition to identify proxies for success. This may result in implicit bias within the evaluation process leading investors to miss out on high-potential startups.<sup>44</sup> Within the evaluation framework, it is important to ensure that the criteria and assessment used to evaluate startups are based on objective and relevant factors rather than subjective/biased impressions. Investors need to be aware of potential biases and develop criteria that are specific and not open to interpretation, informed and backed by strong data, to mitigate unconscious gender bias and systemic barriers.



<sup>43</sup> International Finance Corporation, "Moving Toward Gender Balance in Private Equity and Venture Capital", (Washington D.C., IFC, 2019). Available at <https://www.ifc.org/en/insights-reports/2019/gender-balance-in-emerging-markets>.

<sup>44</sup> Allie Burns, Robert Tashima and Heather, S. Matranga, "Flipping the power dynamics. Can Entrepreneurs Make Successful Investment Decisions?", (Village Capital, 2019). Available at <https://downloads.ctfassets.net/464qoxm6a7qi/wzv3lb30qboso0eyp0Dfu/b64d1af9335a4546420ac277f49845d4/Flipping-the-Power-Dynamics-Village-Capital.pdf>.



## TOOL: EquiCriteria Tool<sup>45</sup>

In the [Smarter Systems: Investor Implementation Guide](#), Village Capital recommends that every investor use a set evaluation framework to ensure they are accurately and consistently evaluating all startups. Building on this recommendation, the **EquiCriteria tool** was created to highlight potential gender bias for you to watch out for in the evaluation criteria.

### HOW TO USE THIS TOOL



When evaluating your investment criteria, your team should take time to reflect on any underlying assumptions or biases that might exist. Utilise the EquiCriteria tool to gain insights into potential gender bias within each criterion.

As you set up/review your screening and due-diligence process, check your evaluation criteria framework (refer column - criteria) for any potential bias (refer column - what to watch out for) and collect data (refer column - what can you do) to assess if certain criteria might unfairly advantage or disadvantage a specific gender. With this understanding, modify/add your criteria thoughtfully and implement the changes into your evaluation process.



*Rows highlighted in yellow indicate criteria that may have bias and require careful monitoring. The criteria not highlighted (in grey) are general considerations often found in investors' evaluations. The greyed-out rows do not imply the absence of bias; rather, they might also contain bias. However, we are focusing on the yellow-highlighted criteria where bias is particularly likely, clear, or well-documented.*

<sup>45</sup> Developed by Village Capital, "Smarter Systems: How Tweaking Your Diligence Process Can Unlock Overlooked Opportunities- Investor Implementation Guide" (Washington D.C., IFC, 2023). Available at <http://www.vilcap.com/smarter-systems>

# EquiCriteria Tool

CHECKING FOR GENDER BIAS WITHIN THE EVALUATION CRITERIA YOU DEVELOP

## ■ CRITERIA | COMPANY DETAILS

## ■ CRITERIA | COMPANY NAME

## ■ CRITERIA | SECTOR

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



#### Lack of fit bias that may disadvantage women.

The gender gap grows in entrepreneurship, especially in sectors where women are historically underrepresented.<sup>46</sup> Additionally, men-led investment firms often have biases against businesses targeting women markets.<sup>47</sup> For instance, “lifestyle” ventures are commonly linked to women founders, who are assumed to prioritize work-family balance and set slower and limited growth goals. Women founders are often perceived as being less focused on achieving financial returns or exits, as they are expected to be more communal and family-oriented due to traditional gender roles.<sup>48</sup>

#### WHAT CAN YOU DO?

Monitor the sectors where your investments are directed and track where women-led startups are being eliminated or dropping out. For example, if you invest without a specific sector focus, observe whether women-led startups are disproportionately eliminated in certain sectors, such as tech or finance. Assess if a pattern emerges indicating a bias against women-led startups in specific industries.

## ■ CRITERIA | COUNTRY

## ■ CRITERIA | VALUATION RANGE

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



#### Valuation differences between women and men-led teams.

Women-only founded teams, when asked to self-report on valuations, valued themselves, on average, 25% lower than startups with men-only founders.<sup>49</sup> This undervaluation is partly influenced by gender bias in the questions posed by investors, which can lead to lower perceived worth. Consequently, women-led businesses often receive smaller investments and lower valuations compared to their men-led counterparts.<sup>50</sup>

#### WHAT CAN YOU DO?

Monitor valuation levels between men-led, women-led, and mixed team-led shortlisted startups, track the questions posed during evaluation, and assess if a pattern emerges.

46 Hebert Camille. “Gender Stereotypes and Entrepreneur Financing” *10th Miami Behavioral Finance Conference (2023)*.

47 Lakshmi Balachandra, “How Gender Biases Drive Venture Capital Decision-making: Exploring the Gender Funding Gap”, *Gender in Management: An International Journal* Vol. 35 No. 3: 261-273 (2020).

48 Ibid

49 Alex Bakir, “Are female founded startups really worth less?” 30 April, 2024. Available at <https://www.linkedin.com/pulse/female-founded-startups-really-worth-less-alex-bakir-bhloe/>

50 Dana Kanze and others, “We ask men to win & women not to lose: Closing the gender gap in startup funding”, *Academy of Management Proceedings*, no.1: 10010 (2017).



## ■ CRITERIA | TEAM

## ■ CRITERIA | EDUCATIONAL BACKGROUND

## ■ CRITERIA | INDUSTRY EXPERIENCE

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



**'The broken rung' leading to the underrepresentation of women in senior leadership.**

Unconscious bias can play a large role in determining who is hired, promoted, or left behind. This may lead to a "broken rung" - a common phenomenon seen across industries where women fall behind and do not transition to senior leadership roles within the industries they work in<sup>51</sup>. For example, women constitute 34% of the startup workforce in India, yet only less than 20% are in leadership roles.<sup>52</sup>

#### WHAT CAN YOU DO?

Monitor the industry experience of startup founders in your pipeline over time. Evaluate if there are any patterns in the shortlisting of startups led by men, women, and mixed teams.

## ■ CRITERIA | YEARS OF PROFESSIONAL EXPERIENCE

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



**Professional experience assessments being impacted by maternity and care responsibilities.**

Across Asia and the Pacific, women perform 80% of unpaid care work.<sup>53</sup> Women are more likely to take time off from paid work due to maternity and care responsibilities.<sup>54</sup> As a result, they suffer significant career setbacks, including downward mobility in salary and status<sup>55</sup>, driven by societal pressures and cultural biases.<sup>56</sup>

#### WHAT CAN YOU DO?

Monitor and track the years of professional experience of startup founders in your pipeline over time. Assess whether a pattern emerges between shortlisted startups led by men founders and those led by women founders.

## ■ CRITERIA | FOUNDERS ALIGNMENT

<sup>51</sup> Emily Field and others, "Women in the Workplace 2023", (McKinsey, 2023). Available at . <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace#/>.

<sup>52</sup> Pandey Nishtha, "Startups in India have less than 20% women in leadership roles: Survey", statement CNBC TV 18. November 23, 2022.

<sup>53</sup> Value for Women, "The Case for Care Catalysing investments into the Care Economy in South and Southeast Asia", (London: Value for Women, 2023). Available at [https://www.v4w.org/uploads/documents/The\\_Case\\_for\\_Care.pdf](https://www.v4w.org/uploads/documents/The_Case_for_Care.pdf).

<sup>54</sup> Reena Agrawal and others, "Challenges Faced by Women Entrepreneurs in South Asian Countries Using Interpretive Structural Modeling" *Cogent Business & Management*, 10 no. 2 (2022).

<sup>55</sup> Rajeshwari Gwal, "Working Women: Career Breaks and Re-entry in a Fast-changing Business Environment " *Metamorphosis* 15(1), 1-9 (2016).

<sup>56</sup> Amy, B. Valente, "Back on the Career Path: A Qualitative Study of Employment Transitions for Women who take Career Break and their Re-entry Experiences." PhD dissertation, Northeastern University, 2019.

## ■ CRITERIA | FOUNDERS CAPABILITY

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



#### Defining and associating a 'successful founder' with traditionally masculine traits.

Investors often associate successful founders with traditionally masculine traits (e.g., strength, assertiveness, leadership, and confidence), seeing women as less competent and ambitious. In a study involving an audio-based pitch competition, the same pitch was read out by a man and a woman. 68% of the audience backed the venture pitched by the male voice. The male-narrated pitches were perceived as more "persuasive".<sup>57</sup> These stereotypes can lead to biased decision-making and lower chances of women founders receiving funding.<sup>58</sup>

#### WHAT CAN YOU DO?

Monitor the capability assessments of pipeline founders over time, collect gender-disaggregated data for shortlisted startups, and assess if a pattern emerges in the evaluations of startups with men founders compared to those with women founders.

## ■ CRITERIA | FOUNDERS COMMITMENT

## ■ CRITERIA | VALUE PROPOSITION

## ■ CRITERIA | PROBLEM

## ■ CRITERIA | SOLUTION/VISION

## ■ CRITERIA | USP/DIFFERENTIATION

## ■ CRITERIA | GO-TO-MARKET STRATEGY

<sup>57</sup> Alison Brooks and others, "Investors prefer entrepreneurial ventures pitched by attractive men." *Proceedings of the National Academy of Sciences of the United States of America (PNAS)* 111, no. 12: 4427-4431 (2014).

<sup>58</sup> Birgitte Karlstrøm and others, "Talking with Venture Capitalists: Gender Perceptions in Investment Decisions", *International Journal of Entrepreneurial Behavior & Research* (2023).

---

## ■ CRITERIA | TARGET CUSTOMER

---

## ■ CRITERIA | CUSTOMER ACQUISITION CHANNELS

---

## ■ CRITERIA | COMPETITIVE ADVANTAGE

---

## ■ CRITERIA | PRODUCT

---

## ■ CRITERIA | STAGE OF DEVELOPMENT

---

## ■ CRITERIA | GROWTH TRAJECTORY/PIVOT

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



**Associating growth ‘potential’ more favourably for men-led startups.**

Lack of information on business trajectory leads investors to focus heavily on evaluating the founding team’s potential to grow the startup. Yet evaluating a founder’s “potential” results in more favourable outcomes for men, likely due to gender bias.<sup>59</sup> Investors possibly associate men with “potential” more often than women because: 1) Attributes typically associated with women are perceived as incongruent with those required to be a competent founder who shows potential for success, and 2) To replicate past success, investors may often seek out founders who are similar to those they have previously invested in and have been successful with – which are most often men.<sup>60</sup>

#### WHAT CAN YOU DO?

Assess a team’s potential by evaluating how much they have demonstrated an ability to improve their startup. Given the lack of data available for early-stage ventures, frame specific questions to understand ‘improvement’ as a proxy for assessing their growth potential. Refer to pages 8-10 in the Smarter Systems toolkit for additional guidance on assessing progress.<sup>61</sup>

---

## ■ CRITERIA | PROPRIETARY USP

59 Alan Benson, Danielle Li and Kelly Shue, “Potential” and the Gender Promotion Gap”, *SSRN* (2022). Available at <http://dx.doi.org/10.2139/ssrn.4747175>

60 Developed by Village Capital, “Smarter Systems: How Tweaking Your Diligence Process Can Unlock Overlooked Opportunities- Investor Implementation Guide” (Washington D.C., IFC, 2023). Available at <http://www.vilcap.com/smarter-systems>

61 Ibid.

## ■ CRITERIA | FEASIBLE OPERATING MODEL

---

## ■ CRITERIA | PRODUCT MARKET FIT

---

## ■ CRITERIA | BUSINESS MODEL

---

## ■ CRITERIA | LAUNCH STATUS

---

## ■ CRITERIA | TRACTION

---

## ■ CRITERIA | SCALABILITY

---

## ■ CRITERIA | MARKET SIZE

---

## ■ CRITERIA | PREVIOUS FUNDING ROUNDS

### GENDER BIAS IMPLICATIONS OF THIS CRITERIA

#### WHAT TO WATCH OUT FOR?



**Disadvantaging founders who have not raised any funding previously or have raised a small cheque.**

Even though women-led startups perform better over time in generating revenue from investments (more than twice as much per dollar invested),<sup>62</sup> women founders face an acute shortage of capital. This creates a vicious cycle: due to potential bias, women secure less VC investment and are valued lower<sup>63</sup>, resulting in smaller initial funding rounds. Consequently, they struggle to raise larger subsequent rounds, perpetuating the bias.

#### WHAT CAN YOU DO?

Monitor valuation levels between men-led, women-led, and mixed team-led startups and assess if a pattern emerges. Compare these valuations to previous funding rounds to see if women-led and mixed team-led startups consistently receive lower valuations.<sup>64</sup>

62 Katie Abouzahr and others, "Why Women Owned Startups Are a Better Bet," Boston Consulting Group. Available at <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>

63 Dana Kanze and others, "We ask men to win & women not to lose: Closing the gender gap in startup funding", *Academy of Management Proceedings*, no.1: 10010 (2017).

64 International Finance Corporation, "Moving Toward Gender Balance in Private Equity and Venture Capital", (Washington D.C., IFC, 2019)

## CASE STUDY

## MODIFYING SOURCING AND SCREENING PROCESSES TO ELIMINATE UNINTENTIONAL BIASES DURING THE EVALUATION OF NEW PROPOSALS.

[C4D Partners](#), a private equity fund with a geographic focus on India, Indonesia, and the Philippines, implemented an 'Open Door' sourcing policy aiming to eliminate bias in its investment processes. Traditionally, fund managers receive many funding proposals on a daily basis, and there is a fair possibility of unintentional biases coming into play when fund managers evaluate these proposals - possibly around strategy, ticket size, rate of return, etc. Therefore, by introducing its Open Door Policy, C4D ensures that all funding proposals received are reviewed by the pre-investment committee (with a specific criteria defined around the business model, impact, and growth plans) and a decision is communicated within five working days through email.<sup>65</sup>

## IN FOCUS

## DIVERSIFYING INVESTMENT COMMITTEES

Investment committees (ICs) are the key decision-making bodies at VC firms that evaluate and approve investment opportunities. They are typically composed of the firm's partners and senior investment professionals. Currently, 85% of VC investment committees are all men, and only 13% have women members globally. In East Asia, 15% of senior general partners investment teams are gender balanced, whereas nearly 70% are all male.<sup>66</sup>

Research shows that gender-diverse teams, with women who have investment decision power, can positively impact overall fund performance. In emerging markets, funds managed by gender-balanced teams had a median excess IRR of 1.7 percentage points, while in East Asia, funds managed by gender-balanced teams had a median excess net internal rate of return (IRR) of 2.0.<sup>67</sup> Male or female dominated teams had a slightly negative performance of -0.1% excess IRR.

The lack of diversity and inclusivity in ICs can lead to "similarity biases" in allocating capital. These automatic and unconscious attitudes could favour investments in companies that confirm existing beliefs and knowledge, closing the door to different, but still profitable, opportunities.<sup>68</sup> You can diversify the investment selection committee by identifying and including women in investment-decision making. In the short term, if there are no women partners or women in the firm with the experience required, then, consider including outside experts as Venture Partners and/or LPs to join the committee.

65 Criterion Institute, "Addressing Power Dynamics in Investment Processes. A Case Study of the Capital 4 Development Group (C4D)", (Criterion Institute, Available at <https://www.criterioninstitute.org/resources/addressing-power-dynamics-in-investment-processes>).

66 International Finance Corporation, "Moving Toward Gender Balance in Private Equity and Venture Capital", (Washington D.C., IFC, 2019). Available at <https://www.ifc.org/en/insights-reports/2019/gender-balance-in-emerging-markets>.

67 Ibid

68 European Women in VC, "Achieving Superior Returns with Gender Diversity in European Venture Capital Firms", (European Women in VC, 2023). Available at [https://www.eitdigital.eu/fileadmin/2023/news/ecosystem/EWVC\\_eBook\\_2023\\_FINALreport-IDC.pdf](https://www.eitdigital.eu/fileadmin/2023/news/ecosystem/EWVC_eBook_2023_FINALreport-IDC.pdf).



**TOOL:****EquiAnalyse Question Bank<sup>69</sup>**
[Return to  
Investors Funnel](#)


Standardized questions help focus on relevant competencies such as leadership, communication, and problem-solving abilities, providing a fair and consistent basis for comparison. This approach can potentially minimize the influence of unconscious biases, which can otherwise affect perceptions of a founder's abilities based on gender<sup>70</sup>. You can use the EquiAnalyse Question bank and integrate it within different parts of the screening and due diligence process.

**HOW TO USE  
THIS TOOL**

*When interviewing founders, your team can utilise the question bank below, which includes behaviour-based and situation-based questions that allow you to evaluate soft skills in a standardised way.*

**EXAMPLES OF QUESTIONS THAT EVALUATE SOFT SKILLS****Behaviour-based (i.e. past experience)**

- Can you describe a time when you had to quickly adapt to a new situation or unexpected change in your business?
- Can you describe a time when you had to change your approach to a problem midway through? What steps did you take to ensure success?
- Can you describe a time when you had to deal with a setback while getting your business off the ground? How did you handle the situation?
- Can you describe a time when you had to work with someone who had a different work style than you (a team member, partner, investor, etc.)? How did you handle it?
- Can you describe a time when you had to manage multiple priorities at once?

**Situational-based (i.e. simulation or role play)**

- You have a milestone date that is fast approaching, but a member of your team is not meeting their deadlines. How would you solve this problem and ensure that the milestone is met on time?
- You find yourself working with a team member or partner that has a different work style than you. How would you ensure that you can work effectively together?

**EVALUATE YOUR INVESTMENT PROCESS AND THE COMPOSITION OF YOUR TEAM TO MITIGATE THE RISK OF INHERENT AND UNCONSCIOUS GENDER BIAS.**

When developing your evaluation process, it is important to take a step back and review the process end-to-end and ensure there is no unconscious gender bias that could disadvantage strong and qualified businesses. It is also critical to analyse who in the team is running the process, as the composition of investment teams and committees can have an impact on the final decision making process. Equipping teams with the right level of skills/ experience/training, specifically around dealing with gender bias, will enable them to make objective and data-backed decisions.

<sup>69</sup> Developed by the authors, based on Value for Women's work in supporting investors to apply a gender lens in interviewing founders.  
<sup>70</sup> Alison Brooks and others, "Investors prefer entrepreneurial ventures pitched by attractive men." *Proceedings of the National Academy of Sciences of the United States of America (PNAS)* 111, no. 12: 4427-4431 (2014).



**TOOL:**  
**Due Diligence and Evaluation Processes Checklist<sup>71</sup>**

The MIT D-Lab developed the [Due Diligence Checklist](#) to help investors identify risk factors in their due diligence processes and practices and uncover the drivers behind these risks. The tool below is an adaptation of this checklist that aims to help investors assess their due diligence and evaluation processes to uncover opportunities for mitigating gender bias.

**HOW TO USE THIS TOOL**



*Rate your evaluation team and evaluation criteria using the reflection questions provided in the table below. The higher the total sum of your score, the greater the effort your team is making in addressing gender biases within the due diligence stage.*

Due Diligence and Evaluation Processes Checklist		Score from 1 to 5 (1=no effort, 5=very high effort)
<b>INVESTMENT TEAM</b>	• Is our investment team gender-balanced/positive and diverse?	Effort measured as having equal men-to-women ratio or with more than 50% women.
	• Is our team's level of commitment to gender equality and equity strong?	Effort measured through public commitments, gender action strategy, gender metrics tracked etc.
<b>EVALUATION CRITERIA</b>	• Does our evaluation criteria take into consideration potential gender bias and gender differences?	Effort measured through strategies implemented to counter bias, evaluation criteria setting process, training of team members, etc.
	• Does our evaluation criteria include risk- and growth-related questions, in addition to questions on soft skills?	Effort measured through creation of question banks, assessing questions posed by different team members etc.
	• Have we removed evaluation criteria that largely favors men founders?	Effort measured through regular revisions to evaluation framework to check for bias etc.

<sup>71</sup> Developed by the authors, building on the knowledge and framework created by MIT D-Lab, "Gender Lens Investing - Due Diligence Series - 2 Tools\_31.02.22". Available at [https://d-lab.mit.edu/sites/default/files/inline-files/Gender%20Lens%20Investing%20-%20Due%20Diligence%20Series%20-%202022%20Tools\\_edits\\_mem\\_2-2.pdf](https://d-lab.mit.edu/sites/default/files/inline-files/Gender%20Lens%20Investing%20-%20Due%20Diligence%20Series%20-%202022%20Tools_edits_mem_2-2.pdf).

Upon filling out the checklist, continue the discussion with your team using the following discussion guide:

## DUE DILIGENCE AND EVALUATION PROCESSES CHECKLIST DISCUSSION GUIDE

### Opportunity Areas

Question	Notes	Next Steps
<p><b>1. In which area did you score the highest?</b></p> <ul style="list-style-type: none"> <li>• What activities and policies made that possible?</li> <li>• Is your team committed to continuing progress on these activities?</li> </ul>		<p>What:</p> <p>Who:</p> <p>How:</p>
<p><b>2. In which area did you score the lowest?</b></p> <ul style="list-style-type: none"> <li>• Why do you think this score was so low?</li> </ul>		<p>What:</p> <p>Who:</p> <p>How:</p>
<p><b>3. What kind of actions can you take to address areas where you scored lower to improve the score?</b></p>		<p>What:</p> <p>Who:</p> <p>How:</p>
<p><b>4. Do any of your priorities in terms of social impact and ESG directly link to questions within the checklist?</b></p> <ul style="list-style-type: none"> <li>• Which ones?</li> <li>• How can you make these a priority?</li> </ul>		<p>What:</p> <p>Who:</p> <p>How:</p>

## INNOVATION WITHIN THE EVALUATION PROCESS - COULD ENTREPRENEURS BE BETTER JUDGES OF NEW IDEAS THAN EXPERT INVESTORS?

Despite the fact that women face significant bias in the venture capital process, outcomes from [Village Capital's peer-selected investment process](#) appear to suggest that a peer selection process is less exclusionary. Village Capital developed the peer-selected investment process in 2009 as an alternative way to identify strong investments while mitigating bias in the final stages of due diligence. The process involves a group of founders evaluating, providing feedback, and eventually making a collective decision on who should receive investment, using a framework for evaluation ([VIRAL Pathway](#)). As seed-stage founders spent four days together, there was higher objectivity in assessment and they were able to accurately assess each other's respective abilities to raise capital or generate revenue. Founders bring a deep familiarity with market factors, competition, and differentiation, and an intimate awareness of the relevant challenges and opportunities within a given industry. They are able to dive into the key facets of a venture's business, from exit strategy to market sizing to value proposition, and assess how those might impact the ability to raise capital or generate revenue in the future. Through the overall 3 month process, Village Capital found that the gender bias observed within traditional venture capital was reduced during the peer-review process. Peer groups of entrepreneurs, when ranking women-led ventures, appropriately evaluated their future commercial performance. Although peer-selected investment is an unconventional approach to decision-making and may be challenging for investors to adopt widely, valuable insights can be drawn from Village Capital's peer-selection process. These learnings can be integrated into investors' evaluation methods for early-stage ventures.<sup>72</sup>



72 Allie Burns, Robert Tashima and Heather, S. Matranga, "Flipping the power dynamics. Can Entrepreneurs Make Successful investment decisions?", (Village Capital, 2019). Available at <https://downloads.ctfassets.net/464qoxm6a7qi/wzv3lb30qboso0eyp0Dfu/b64d1af9335a4546420ac277f49845d4/Flipping-the-Power-Dynamics-Village-Capital.pdf>.



**Taking Action:** Tools for mitigating unconscious gender bias within the investment process

## Post Investment Engagement





## Beyond funding: Investors can guide portfolio companies to mitigate gender bias.

Investors can exert and influence their portfolio companies and advocate for gender diversity across the workforce and portfolio through various strategies, which can include strengthening internal diversity, helping to set the tone with portfolio companies.<sup>73</sup>

When portfolio companies implement strategies to address unconscious gender biases, they create more diverse and inclusive workplaces, leading to improved business operations and greater returns.

Gender bias within portfolio companies can be addressed to promote a culture that values diversity in recruitment and business operations. Diverse leadership teams also perform better financially as they excel at problem-solving and are more effective at capturing new markets.



### Key Problem

Within your fund's portfolio, companies may be unaware or ill-equipped to adopt gender-inclusive business practices and address bias.

### Desired Outcome

Portfolio companies are aware of unconscious gender biases and build diverse and gender-inclusive teams and operations to address and mitigate these.



Return to  
Investors Funnel



<sup>73</sup> International Finance Corporation, "Private Equity and Value Chain. A Fund Manager's Guide to Gender-smart Investing" (Washington D.C., IFC, 2020).

## UNDERSTANDING THE ROOT CAUSE

- Based on the industry, geographic, and social context that VCs operate in, bias within portfolio companies can stem from various factors, including societal norms, cultural stereotypes, and systemic inequalities.
- Startups founded by women have 2.5 times more women in senior positions than those founded by men.<sup>74</sup> While startups tend to be more inclusive regarding gender across all levels, women are underrepresented in higher executive positions<sup>75</sup>, more noticeably in sectors like technology<sup>76</sup>.
- Diverse teams in startups tend to develop innovative solutions that cater to a broader range of needs and capture a larger market share.<sup>77</sup>



## Strategies and tools for improving post investment engagement processes and addressing gender bias

### ENGAGE YOUR PORTFOLIO COMPANIES TO ADDRESS BIAS.

Founders or their teams may not be fully committed to addressing bias or understand the implications of gender bias and often struggle with identifying the starting point to initiate meaningful change.



<sup>74</sup> Pranav Dixit, "Women-led startups setting the standard for gender equity: Report", Business Today 4 November, 2023. Available at <https://www.businesstoday.in/latest/trends/story/women-led-startups-setting-the-standard-for-gender-equity-report-404581-2023-11-04>.

<sup>75</sup> Emily Field and others, "Women in the Workplace 2023", (McKinsey, 2023). Available at . <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace#/>.

<sup>76</sup> Sarah, K. White, "Women in tech statistics: The hard truths of an uphill battle", Foundry 8 March 2024. Available at <https://www.cio.com/article/201905/women-in-tech-statistics-the-hard-truths-of-an-uphill-battle.html>.

<sup>77</sup> Equalture, "Why Diversity is a Game-changer for Startups and Scaleups", Equalture. 8 December, 2021. Available at <https://www.equalture.com/blog/diversity-and-inclusion-for-startups-scaleups/#game-changer>.

**TOOL:****EquiBalance tool to engage portfolio companies/investees<sup>78</sup>**

Investors can effectively leverage the EquiBalance tool to address gender bias within their portfolio companies/investees and support founders in identifying and implementing actions towards inclusion within their organisations. The tool aims to increase the number of women in the workforce and leadership of the portfolio companies by creating an organisational culture with reduced bias around hiring, retaining, and promoting women employees. By de-biasing organisations instead of individuals, investors can make smart changes that have a big impact.<sup>79</sup>

**HOW TO USE  
THIS TOOL**

*Identify the entry points through conversations with portfolio founders and collaboratively design the investee's gender action journey based on the process below. The flow of the EquiBalance process can be customised based on the needs of the portfolio company, receptiveness and resource availability.*

<sup>78</sup> Developed by the authors

<sup>79</sup> Iris Bohnet, "What Works: Gender Equality by Design", *Harvard University Press* (March 2016).

# EquiBalance Tool

## FOR PORTFOLIO COMPANIES TO INCREASE WOMEN IN WORKFORCE AND LEADERSHIP

### STEP 01

#### WHAT CAN THE INVESTOR DO?

Encourage or require your investees to collect key metrics that are indicators or proxies for gender bias.

#### WHAT CAN THE INVESTEE DO?

- Collect and track gender-disaggregated data in the workplace across different levels and pay scales.<sup>80</sup>
- Hire women in leadership positions to meet the minimum global threshold of 30% women in the leadership team as per the 2X Criteria.<sup>81</sup>

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees understand which specific workforce levels need more targeted intervention, leading to a clear plan of action towards building a diverse team, which can **improve productivity and overall organisation growth**. Additionally, investees can tap into **gender lens financing options**.<sup>82</sup>

### STEP 02

#### WHAT CAN THE INVESTOR DO?

Review your investees' recruitment process/job descriptions (JDs) and suggest templates for interview questionnaires, JDs, marketing, and process maps to standardise their process and increase women applicants.

#### WHAT CAN THE INVESTEE DO? RECRUITMENT

- Adopt changes to any biased language within job descriptions using the Gender Decoder.<sup>83</sup>
- Standardise the recruitment process/evaluation criteria, and understand different types of bias during interviews.<sup>84</sup>
- Set internal micro targets for interviewing women candidates while recruiting.

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees create more equitable recruitment practices opening the funnel for more women applicants and the probability of skilled women candidates making it through the process. This leads to **improved efficiency and productivity, and ultimately increased financial performance**.<sup>85</sup>

### STEP 03

#### WHAT CAN THE INVESTOR DO?

Provide contacts of affordable legal representatives to support your investees in policy creation, reporting and team training.

#### WHAT CAN THE INVESTEE DO? COMPLIANCE

- Ensure anti-harassment and non-discrimination policies have been set up and are aligned with the local regulations.

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees create a workplace where gender bias is actively addressed, creating a safe space where all employees feel respected, and equally valued, leading to **higher employee satisfaction**. Additionally, investees avoid any **reputational risks and risks related to not being aligned with regulation**.

80 Nivi, "A Toolkit to Track Gender Diversity at Your Workplace", The Startup, 4 August 2020

81 2X Global Challenge, "2X Criteria", Available at <https://www.2xchallenge.org/2xcriteria>.

82 Ibid.

83 Gender Decoder. Available at <https://gender-decoder.katmatfield.com/about>.

84 CDC Group, "Tackling Unconscious Bias. Practical Tips for Reducing Bias in People Assessment Meetings", (CDC Group, n.d.). Available at <https://gendertoolkit.bii.co.uk/wp-content/uploads/2020/10/Tackling-Unconscious-Bias.pdf>

85 Vivian Hunt and others, Diversity wins: How inclusion matters. Available at <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>

# EquiBalance Tool

## FOR PORTFOLIO COMPANIES TO INCREASE WOMEN IN WORKFORCE AND LEADERSHIP

### STEP 04

#### WHAT CAN THE INVESTOR DO?

Share with your investees templates for leave benefits, with factors such as eligibility criteria, accrual rates, and provisions for special circumstances (e.g., maternity/paternity leave, menstrual leave, medical emergencies).

#### WHAT CAN THE INVESTEE DO?

##### LEAVE STRUCTURE

- Set up fair leave structures (equal parental leave, flexi hours etc.), re-entry mechanisms, and counter common assumptions about mothers being less committed to their careers, through gender sensitivity training for managers and return to work/career development plans for mothers.<sup>86</sup>

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees build a workplace culture that supports work-life balance, and ensures equal opportunities for career advancement regardless of parental status. This can help in **improved retention**, specifically of women employees, as they feel more supported to balance work with care responsibilities.

### STEP 05

#### WHAT CAN THE INVESTOR DO?

Share templates and details of experts with your investees to design unbiased performance management processes such as mapping responsibilities, conducting reviews, and developing a succession plan.

#### WHAT CAN THE INVESTEE DO?

##### PERFORMANCE MANAGEMENT

- Use standardised criteria for performance reviews, which can reduce subjective opinions and mitigate biases.

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees address gender disparity in early promotions, leading to more women moving into leadership roles. A diverse leadership team can **drive innovation and better decision-making** by incorporating a wide range of perspectives and experiences.<sup>87</sup>

### STEP 06

#### WHAT CAN THE INVESTOR DO?

Engage your investees around identifying their biases and connect with other portfolio companies to share experiences & best practices.

#### WHAT CAN THE INVESTEE DO?

- Build ownership in the internal leadership team by sharing the business case for integrating gender lens and success stories of other companies, to ensure intentional action.
- Conduct training<sup>88</sup> for the team on the fundamentals of bias.

#### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees **understand gender bias—whether deliberate or unconscious**, and learn concrete steps to address the biases women face, build a community to implement change and **improve overall decision making** within the portfolio company.

86 Noël Burges, "The Motherhood Penalty: How Gender and Parental Status Influence Judgements of Job-Related Competence and Organizational Commitment." *Seminar Research Paper Series* Paper 32 (2013).

87 Rocío Lorenzo and others, "How Diverse Leadership Teams Boost Innovation", 23 January, 2018.

88 Lean In. Org, "50 Ways to Fight Bias. An Activity that helps you Combat the Biases Women Face at Work". Available at [https://media.sgff.io/sgff\\_r1eHtbDYb/2021-03-02/1614707905648/1.-\\_50\\_Ways\\_Bias\\_Fundamentals\\_-\\_English\\_-\\_v1\\_compressed.pdf](https://media.sgff.io/sgff_r1eHtbDYb/2021-03-02/1614707905648/1.-_50_Ways_Bias_Fundamentals_-_English_-_v1_compressed.pdf)



# EquiBalance Tool

## FOR PORTFOLIO COMPANIES TO INCREASE WOMEN AS A TARGET MARKET AND IN THE VALUE CHAIN (SUPPLIERS/CLIENTS)

STEP 07

### WHAT CAN THE INVESTOR DO?

Support your investees in refining products or services to target women as a customer segment by providing education, resources, and incentives to integrate initiatives into their business model effectively.

### WHAT CAN THE INVESTEE DO?

- By 2028, women will control nearly 75% of consumer discretionary spending worldwide.<sup>89</sup> Since many markets underserve them, tweak product or service offering to specifically or disproportionately benefit women and/or girls.
- Collect and monitor gender-disaggregated data on product or service usage.

### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees enhance **market competitiveness** by catering to the underserved needs of women. Investees also align with social impact goals, which can potentially **attract customers and investors who value gender equality**.

STEP 08

### WHAT CAN THE INVESTOR DO?

Provide financial support, access to partner/vendor networks, and expertise to support women in the supply chain.

### WHAT CAN THE INVESTEE DO?

- Share a public commitment to integrate women/women-led businesses as suppliers.
- Collect and monitor gender-disaggregated data on the supply chain (for example - ratio of women-owned suppliers/ contractors compared to all suppliers/contractors; ratio of company spending with women-owned businesses compared to total company supply/contracting spend etc.)

### WHAT IS THE OUTCOME FOR THE INVESTEE?

Investees improve **supplier diversity and resilience** and enhance **brand reputation** due to public commitment to promoting women in the supply chain

89 Ernst & Young, "Women: The next emerging market". Available at [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/growth/WomenTheNextEmergingMarket.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/growth/WomenTheNextEmergingMarket.pdf)

## CASE STUDY

## FOSTERING DIVERSITY IN INVESTEE COMPANIES' LEADERSHIP TEAMS

**Ascend Vietnam Ventures (AVV)** is a venture capital firm based in Vietnam that uses its leverage as an equity holder to counter gender bias and promote diversity and inclusion among its investees. This includes (a) encouraging equity reallocation to women co-founders as a prerequisite for investment, in cases where the current equity allocation does not reflect the value each co-founder brings to the company, (b) including in the gender ratio of the founding team in the Investment Committee memo, (c) encouraging investees to hire more women to senior leadership positions, if the current team composition shows a low number of women leaders, and (d) taking an active role in sourcing diverse talent for investees. The AVV team has also been trained on countering bias in the investment process. This training helped them identify where discretion in the investment process could invite bias and design interventions to control for bias. The team discussed how to recognise where bias might impact business decisions, particularly investment decisions, and delved deeply into ideas for countering six types of bias within operations.<sup>90</sup> AVV is a market leader and plans to continue using its voice and platform to publicly advocate for redressing biases and investing in women founders as a business opportunity.

## IN FOCUS

## GUIDING PORTFOLIO COMPANIES TO CONDUCT A GENDER SELF-ASSESSMENT THROUGH THE GENDER SMART NEXUS

The Gender Smart Nexus is a digital platform, built on 10 years of insights from working in emerging markets, that helps enterprises, investors, and business support organisations assess, take action and make business and investment decisions that take gender into account. It is a simple, relatable, and non-intimidating starting point for businesses and investors that takes users through a gender self assessment and generates a menu of options for actions for enterprises, investors, and intermediaries. It also provides guidance notes for taking action and gender-lens benchmarking for each enterprise, for portfolios of enterprises and the broad user pool or public.<sup>91</sup>

The Gender Smart Nexus is adaptable to tailor, provides deep dives in specific sectors, and integrates the 2X Challenge's criteria in its assessments. With learning hubs that have a special focus on sectors, geographies and on seeing trends in real time, this tool can help investors, as well as their portfolio companies, to evolve and scale up gender practices. Read more [here](#).

<sup>90</sup> Value for Women, "Investor's Journey in Gender Lens Investing: Examples from the field" (London: Value for Women, 2023). Available at <https://www.v4w.org/uploads/documents/AVV-Case-Study-2023-VFW.pdf>

<sup>91</sup> Value for Women, "Gender Smart Nexus". Available at <https://www.v4w.org/gender-smart-nexus> (accessed on 11 June 2024).



Conclusion

In creating an inclusive and fair investment environment, it is crucial to acknowledge and address the biases that exist throughout the investment process. Bias is a complex issue that requires ongoing reflection and action. While this toolkit provides a starting point, fostering a culture of continuous learning and adaptation is important. We see this Toolkit as a contribution to a growing body of gender lens investing resources, which are becoming more sophisticated and thoughtful, and that point to new ways of investing and doing business. The ELT is meant to be a practical resource for identifying, understanding, and reducing biases. Using this toolkit, VCs and investors can proactively ensure that their decision-making processes are fair, diverse, and inclusive.

Sharing knowledge products, tools, resources, and experiences will help us all improve the way we are working to include a gender lens in our respective practices. In this regard, investor networks (e.g. Asian Venture Philanthropy Network, Global Impact Investing Network, 2X Global, Aspen Network of Development Entrepreneurs, and others) can be important spaces for disseminating new approaches and initiatives and connecting peer organisations. These approaches are particularly relevant for investors that are targeting WLBs, accelerators and incubators strengthening the WLBs pipeline, and firms offering gender lens advisory services. Multi-stakeholder exchange platforms, such as UN Fora, can also be leveraged as a networking space to further socialise and strengthen these approaches.

Moving forward, investors can take steps to implement the strategies and tools outlined here, and leverage success stories and case studies for inspiration. As investors navigate various stages of the investment process, whether focusing on organisational understanding or process improvement, this toolkit can be revisited for tailored guidance and support at any point. This toolkit can initiate or accelerate investors' gender lens investing journey and they can move towards creating their own gender lens investing roadmap that furthers particular gender impact goals.

