

SPRING

Investor toolkit with a focus on girls and young women

Role of philanthropy

While there are business opportunities in investing in impact for girls and young women, the role of the philanthropic sector in supporting this process is still critical, as it can help address system imbalances and shift gender norms.

Although technically philanthropists 'give' and investors 'invest', this is a bit of a false dichotomy. It is in fact more accurate to think of individuals, networks, trusts and foundations as having a range of financial instruments for investing capital in a range of sections. The capital that philanthropists generally 'invest' is grant capital, and they increasingly invest it strategically to drive change for women and girls. This capital is incredibly important, not only because it is more flexible than other types of investment and thus enables investors to have a much stronger focus on tackling gender issues and norms, but also because of the sheer amount of money being invested. The top ten philanthropic foundations globally gave more than \$5.5 billion in 2009/10 to address a range of different issues, many of them related to gender equality and women's and girls' empowerment.

Exciting innovations exist when investors (including foundations) creatively blend philanthropic funding sources with impact investments. Grant capital is an important asset class, and the example of Grand Challenges Canada (Box 4) shows how grant capital can be used alongside other forms of capital. This example also shows the importance of sequencing support and layering capital to build the pipeline of investable opportunities.

Box 1: Example of Grand Challenges Canada

Grand Challenges Canada supports early-stage innovations that advance the status of women and girls in the areas of maternal, newborn and child health, as well as sexual and reproductive health and rights.

Our investment portfolio is diversified by geography (Africa, Asia, South America), institution (academic, for-profit, non-profit), scaling model (public, private, hybrid), solution type (service, product, both), and market (urban, peri-urban, rural). This diversity enables us to identify and support the most innovative and impactful solutions for women and girls despite their structure or strategy. It also demands that a breadth of investment vehicles be available for us to apply with the aim of identifying the form of capital that will be most useful and appropriate for the sustainable health of the organization or intervention. Currently, nearly one third of our active portfolio is supported through debt-based instruments (i.e. term loans, revenue share loans, and convertible notes), with the remainder funded via grant dollars. With increased flexibility and patience, we are better equipped to support early-stage enterprises through the pioneer gap, especially those serving women and girls at the base of the pyramid.

Leeat Gellis, Senior Portfolio Manager, Grand Challenges Canada





Box 2: Tips from SPRING's Investment Director: How philanthropy can be used to build the field, team up with investable solutions and de-risk

Philanthropic resources are critical to advance gender lens investing. This could be done within an investors' portfolio or by partnering with other actors. Potential opportunities include funding:

- 1.** research and development or pilots to build evidence
- 2.** training and strategy/design sessions on gender lens investing
- 3.** non-profits looking to become more sustainable as well as early stage companies with grants
- 4.** business accelerators/incubators and capacity building expertise
- 5.** metrics/measurement work
- 6.** field building activities – sessions at events, conferences and convenings, publishing stories in relevant media, scholarships to attend events, infrastructure for the field, and investment research and intermediation
- 7.** programme-related investments into promising non-profits and companies, or investing in equity and debt, or participating in blended financing vehicles
- 8.** support to teams for start-up expenses

