

UNLEASHING THE POWER OF FEMALE FUND MANAGERS

Introduction

Women and diverse fund management teams are correlated with better financial returns compared to their peers. Despite the strong evidence of higher returns and greater impact, women are severely underrepresented in the investment sector, and the field consistently neglects to allocate sufficient resources to support women, local health systems, climate action, and other pressing social and environmental issues. Chemonics seeks to deepen the impact of development finance and believes that more women fund managers are needed in the private equity and venture capital (PE/VC) space. Through the **Emerging Female Fund Managers (EFFM)** Initiative, we are designing an investment platform to tackle the most significant barriers that women fund managers confront in developing countries: access to working and catalytic capital. The initiative will strengthen an inclusive financial system that values women as investment managers, leaders, and powerful change agents.

Untapped Market Opportunity

Less than 3% of PE/VC funding goes to female fund managers, and only 2.3% flows to women-led companies. This inequitable allocation of capital is estimated to cost \$4.5 trillion in foregone economic opportunity with significant ramifications for gender equality, financial inclusion, health access, climate resilience, and overall sustainable development. The gender financing gap derives, in part, from gender disparities in the investment field, where women make up only 10% of all fund managers globally.

Industry Challenges for Female Fund Managers

EFFMs face significant obstacles to raising capital in an investment industry characterized by gender imbalances and structural inequalities, leading to sub-optimal outcomes. Women's full economic potential in finance remains unrealized, hindered by implicit and explicit biases that question their professional experiences, investment acumen, drive, and leadership skills. These structural issues discourage the growth of female fund managers and create roadblocks for EFFMs in operating in the PE/VC space.



Photo Credit: USAID Tunisia JOBS

Informed by our feasibility study with Sagana Consulting, Chemonics identified several key constraints that hinder EFFMs from successfully launching their funds:

Access to Capital

- Misconceptions of investment credentials
- Risk aversion to considering nontraditional fund managers
- Mismatch with investors on risk/return expectations
- Lack of aligned investors and industry networks

Operational Runway

- Long time horizon for fundraising (2 to 5 years)
- Lack of working capital to sustain fundraising
- Insufficient back-office support during prolonged fundraising
- Complex and evolving fund administration

Investments to Catalyze EFFM Growth

As the first-of-its-kind, the EFFM initiative directly addresses the most pressing challenges by providing both working and catalytic capital to reduce set up costs and accelerate time to market. Currently, a comprehensive platform for EFFMs does not exist in the market. Further, limited donor programs empower women as asset allocators. This opening provides a strong business opportunity and value proposition for investors. Chemonics and its partners are excited to launch this initiative and will share more on the EFFM initiative later this year.

Returns on Investment

Beyond financial returns, support to female fund managers also leads to robust social and development impact:

Portfolio Performance

- Optimal allocation of capital, higher net Internal Rate of Return (IRR): ~20%¹
- Reduced unconscious bias, stronger governance
- Diverse pipelines, new market opportunities
- Dynamic portfolios, stronger value creation

Development Outcomes

- Private capital mobilized toward high impact development sectors
- Investments that incorporate gender considerations
- Gender finance gap narrowed
- Investments in women-led SMEs expanded (2x)
- Robust management for Environmental, Social and Governance (ESG) standards and impact

By putting more money into the hands of women, the initiative will create strong multiplier effect on downstream investments in women-led businesses, health systems, and climate change solutions.

About Chemonics and Initiative Partners

Chemonics International Inc.

Over the last five decades, Chemonics has been a global leader in international development consulting. In over 95 countries, our network of more than 5,000 specialists pursues a higher standard in development to help our clients, partners, and beneficiaries achieve results. More recently, our **Private Sector Engagement (PSE) Practice** has focused on bridging the gap between local entrepreneurs and private capital through blended finance structures and analytical tools to crowd in private investors. Chemonics partners with Sagana Consulting on the EFFM initiative and welcomes other partnerships to address the gender financing gap.

Sagana Consulting

Sagana Consulting supports diverse investors, fund managers, and donors in maximizing their resources. Sagana brings deep expertise in developing solutions that support emerging fund managers, designing gender-lens integration strategies, and providing targeted capital advisory and investment readiness support.

Come Join Us

Whether leveraging private capital for women-led enterprises, partnerships to mobilize climate finance, Chemonics is committed to collaborating with the private sector through our work. To learn more about our work supporting emerging female fund managers, visit [Chemonics.com](https://www.chemonics.com) and [Chemonics.com/integrated-solutions/private-sector-engagement](https://www.chemonics.com/integrated-solutions/private-sector-engagement). For donors and investors, please reach out to the PSE Practice for ways to get involved by emailing Practice-PSECenter@chemonics.com.

¹ IFC, 2019, Moving Toward Gender Balance in Private Equity and Venture Capital.