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## Funding women entrepreneurs: state of play

European Innovation Gender and Diversity Index Workshop | May 05, 2022

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# From awareness to action: improving womens' access to risk capital

- **Gender equality is one of the founding values of the EU**, and a key objective of the SDGs.
- It is also **smart economics**: empowering women is vital to enhance business productivity and to catalyse economic growth, social cohesion and social justice.
- **As the EU bank**, it is our duty to ensure that the projects we finance protect all parts of our communities. Women, men, girls and boys must have the opportunity to benefit from them equally and equitably.



## Funding women entrepreneurs How to empower growth



### The state of play for female entrepreneurs

Only 30% of funding goes to female-led companies

In early stages, share could be as low as 2%

35% of equity holders are women, but hold only 20% of the equity

Government agencies provide an outsized share of funding

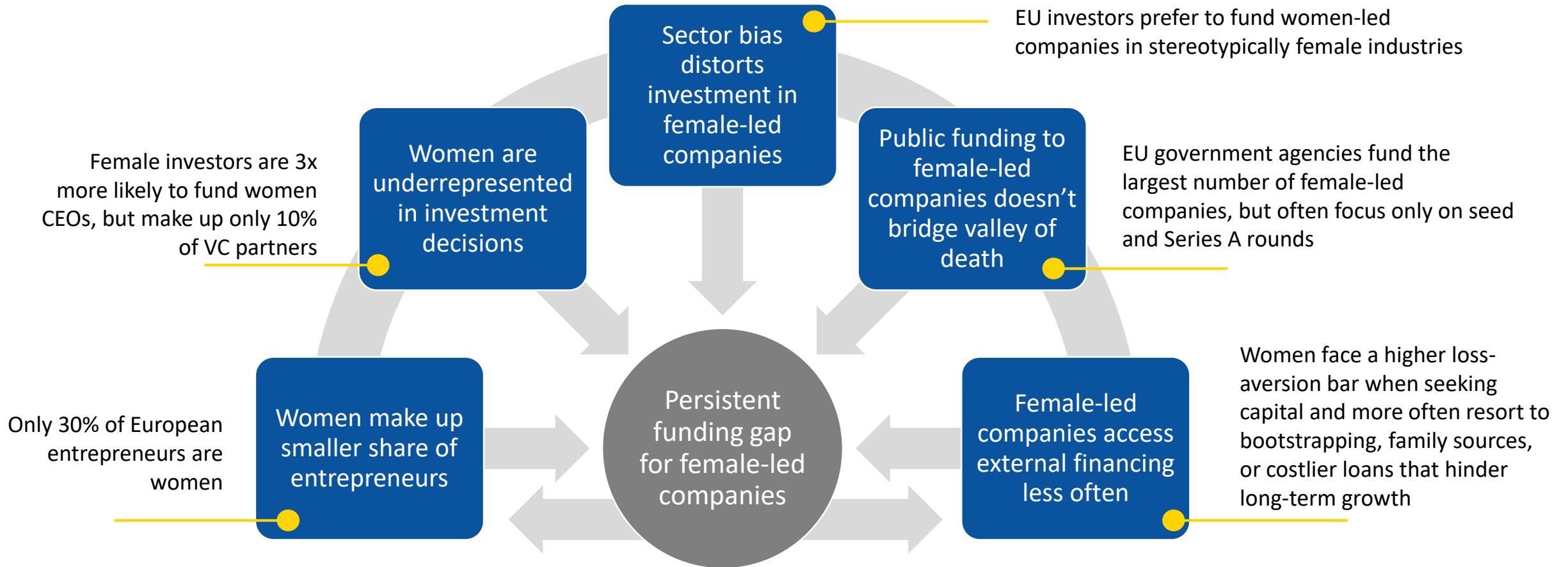
[Funding women entrepreneurs: How to empower growth](#)

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# Quantifiable hurdles and biases persist and self-reinforce

Where should we look for solutions to break the cycle?

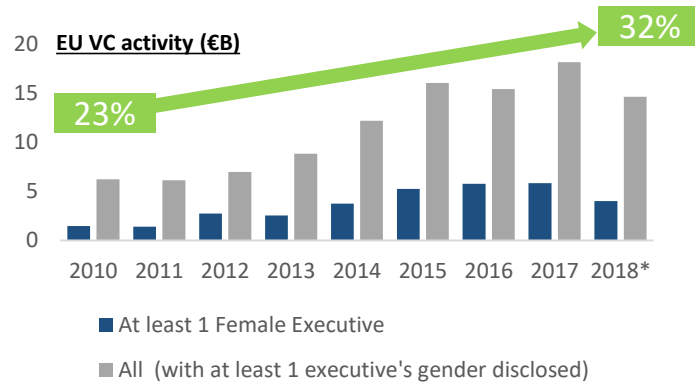




# Need for consistent measures of progress

How do we ensure long-term impact

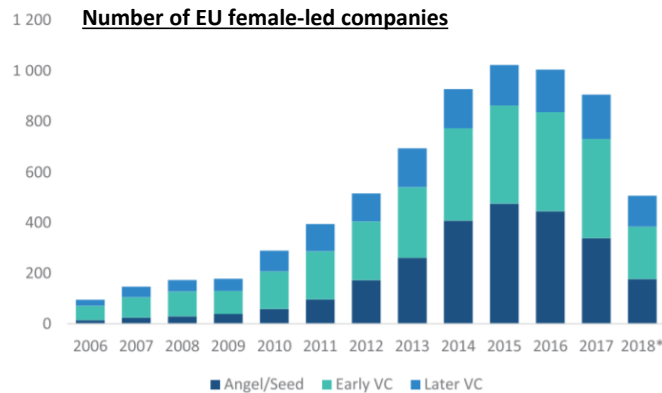
## Trends in share and total value of VC funding to female-led companies



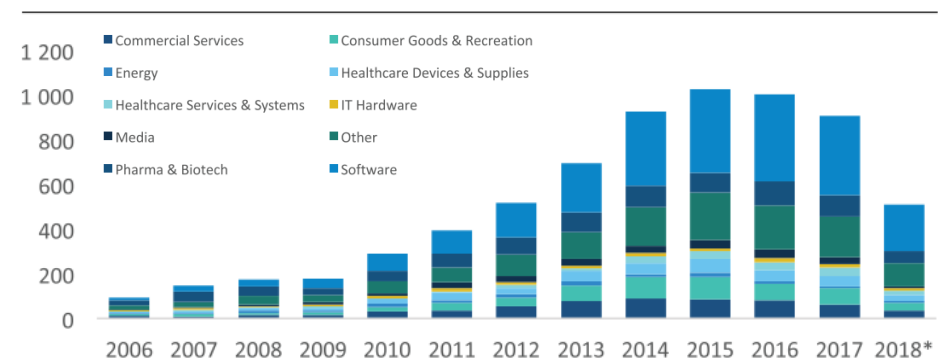
## Investment performance trends for female-led EU companies

- Higher or equivalent median revenue of female-led companies
- 21% higher profitability for companies in the top quartile of gender diversity (McKinsey study)
- Growing number of exits by female-led ventures
- Growing number of investors that have put gender strategies in place

## Number of investments in female-led companies at each company stage and sector



## European Union venture capital deal activity (#) by sector for companies with at least one female executive

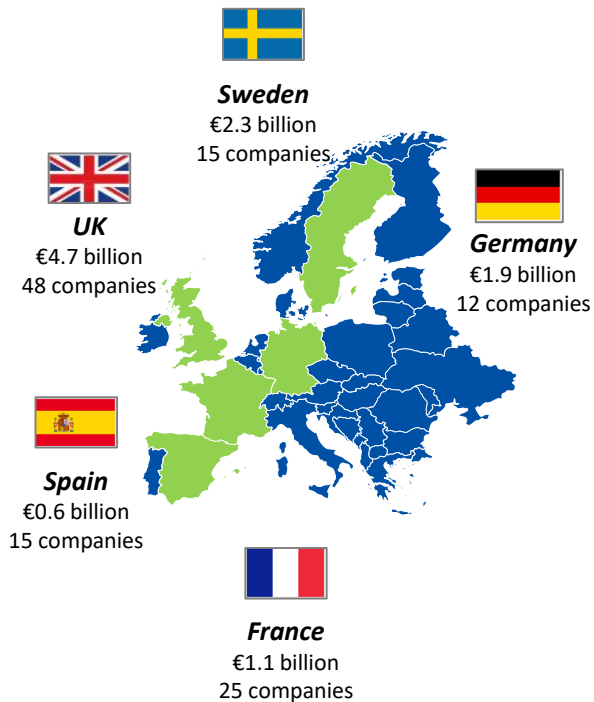


\*As of September 30, 2018. "At least 1 Female Executive" in this data is defined as having at least 1 female currently holding a C-level, founder/founding partner, president, and/or chairperson position

# Broader indicators of ecosystem support for female founders

*It takes an enabling ecosystem*

**Five countries accounted for the majority of Series C funding to women-led companies between 2006-2018 in Europe**



**Success in the top two countries was supported by strong ecosystem and targeted activities to promote gender inclusion**

## Cultural sensitivity / general public policies

- UK** 
  - Ranking above average / top tier on gender issues
  - Gender Equality Office
- Sweden** 
  - Among world's most gender-balanced countries
  - Public policies supporting gender balance (e.g. gender equality policy, parental leave)

## Corporate governance

- UK** 
  - High standards, including focus on female representation in corporate boards
  - Mandatory disclosure of gender pay gap
- Sweden** 
  - High standards including focus on female representation in corporate boards

## VC ecosystem maturity

- UK** 
  - Well developed landscape (e.g. number of firms)
  - Well developed British VC Association (BCVA) including voice on gender (recent study)
- Sweden** 
  - Well developed landscape (e.g. number of firms)
  - Well developed Swedish VC Association (SVCA) including advisory services, network of young entrepreneurs etc.

## Specific financing policies / initiatives

- UK** 
  - BVCA focus on gender (recent study)
  - Grassroots initiatives by individual funds and other ecosystem players
- Sweden** 
  - Government promotes gender balance across all agencies
  - Grassroots initiatives by VC firms (e.g. blind applications)

# Our recommendations for further action

## Policy



### Short term

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

### Longer term

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

## Financing



### Short term

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

### Longer term

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

## Advisory



### Short term

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

### Longer term

- Develop European network of “gender-conscious” investors

## Awareness raising



### Short term

- Dissemination of information among existing networks of investors and entrepreneurs

### Longer term

- Systematic monitoring of gender data across EU funding programmes

# Contact details

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