Report

Expanding Opportunities *for* Women *in* Emerging Markets *through* Private Equity *and* Venture Capital

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Cover image: Munkhtuya Rentsenbat, CEO of Khan Bank, Ulanbaatar, Mongolia, August, 2024.

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Acronyms

AUM	Assets under management
CAGR	Compounded annual revenue growth
DFI	Development finance institution
DiD	Difference-in-Differences
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ESG	Environmental, social, and governance
GDI	UN Gender Development Index
GDP	Gross domestic product
GLM	Generalized linear model
GP	General partner
IV	Instrumental variables
IRR	Internal rate of return
LP	Limited partner
LPAC	Limited Partner Advisory Committee
MSME	Micro, small, and medium-sized enterprises
OLS	Ordinary Least Squares
PE	Private equity
RDD	Regression Discontinuity Design
SaaS	Software-as-a-service
TVPI	Total value to paid-in
VC	Venture capital

Foreword

Nancy El Asmar, co-owner of Madera Creation in Beirut, Lebanon, specializes in woodworking furniture. © Dominic Chavez/International Finance Corporation

To bolster conditions for economic growth in emerging markets, capital must be made more accessible to women and women-led businesses. Private equity (PE) and venture capital (VC) funds can play a critical role in meeting this imperative, both through investing in women-led businesses, and by ensuring they have women in leadership and investment roles within their organizations and portfolio companies. These actions would bring broad benefits and unlock economic growth in emerging markets.

Greater inclusion of women in the economies of emerging markets is linked by new IFC research and data to positive outcomes for both firms and investors. This report examines the role PE and VC funds can play in expanding access through alternative sources of capital, which typically feature more flexible financing arrangements than traditional lending options from banks and other institutions.

This report also draws from a newly developed IFC dataset—exclusively from emerging market PE and VC funds—comprising gender disaggregated data from both

fund managers and their portfolio companies. The dataset represents around 170 funds, reflecting around $40 billion raised, and covers their 2,000 portfolio companies across the full geography of emerging market countries. It also analyzes the share of women investment professionals and women in ownership or leadership roles at the portfolio companies.

The findings are telling: companies founded, owned, or led by women remain markedly underrepresented in capital allocation. They make up just 19 percent of all businesses backed by private equity and venture capital funds. Moreover, even after adjusting for differences in firm size, location, sector, and the type of financing sought, women-led companies receive, on average, 13 percent less equity capital than their male-led counterparts.

This report also examines the role that the balance of women and men among PE and VC firms can play in fostering economic growth and development impact. The prevalence of women leaders and investment professionals is higher among newer funds, indicating a positive shift in industry trends that could signal meaningful progress in the years to come.

Improving gender balance within a fund enabled it to identify and evaluate a more diverse range of business opportunities.

The presence of women in leadership and decision-making roles can have a direct influence on fund and portfolio company performance and risk levels. Funds with a more equitable balance between men and women on leadership teams were far more likely to invest in companies owned or founded by women. The research concluded that improving gender balance within a fund enabled it to identify and evaluate a more diverse range of business opportunities, thereby unlocking the potential of women-founded or women-owned companies, and fostering broader economic development in emerging markets.

A range of programs are now available to enable funds to implement improved gender diversity practices both internally and across their portfolios. IFC has launched various initiatives to equip fund managers, accelerators, and entrepreneurs with the tools and knowledge to integrate representation of women into their core operations. To ensure opportunities are not overlooked, and assets are maximized to their fullest potential, fund managers in emerging markets need to embed greater inclusion of women into their decision-making processes.

Susan M. Lund

IFC's Vice President for Economics and Private Sector Development

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Executive Summary

GAPS IN ACCESS TO FINANCE FOR WOMEN CONSTRAIN SOCIAL AND ECONOMIC GROWTH IN EMERGING MARKETS

Women in emerging markets continue to face significant gaps in accessing economic opportunities, and progress towards equality with men over the last decade has been slow. Greater inclusion of women in an economy is linked to positive economic outcomes. Yet, despite the range of evidence highlighting the business case for greater inclusion, women continue to be underrepresented in company ownership and leadership. Access to finance for women remains especially daunting, with estimates showing that women-led SMEs in emerging markets face an estimated credit gap of $1.9 trillion.[1] While banks and other financial intermediaries play a key role in providing debt financing options, there is a need to expand efforts to increase access to all types of capital for women and women-led businesses, including equity financing. This report examines the role that private equity (PE) and venture capital (VC) funds can play in expanding access to finance for women and increasing the representation of women in company ownership and leadership.

PE and VC funds can play a critical role in closing the financing gap facing women by providing an alternative source of capital, one that has a number of advantages when compared to traditional lending options. PE and VC funds provide both equity capital and strategic support to companies, offer flexible financing arrangements, and invest over longer time frames. Annual investment of PE and VC funds in emerging markets is growing rapidly, more than doubling over the last decade to a peak in 2021 of over $200 billion.[2] Yet, even with this growth, this capital still represents a fraction of the annual finance needed by these markets, with most investment occurring in a limited set of countries and leaving the PE and VC asset class nascent in most emerging markets.

THE SAMPLE has a coverage rate of over 90 percent of the funds raised outside of the three largest markets of China, India, and Brazil; and also reflects 60 percent of the total funds raised in emerging markets outside of China.*

The newly developed IFC dataset includes around 170 funds, reflecting roughly $40 billion raised, and covers their 2,000 portfolio companies across emerging market countries. Together, these companies also support jobs for around 1.35 million people, 500,000 of which are women.

The dataset brings together data on PE and VC funds, consistent with the Global Private Capital Association fund classifications. A fund is considered an emerging market fund manager if it is raised and invests in an emerging market country. To reduce noise in the dataset, the sample only includes generalist funds investing in small to mid-market early- to growth-stage equity.

The small to mid-market companies supported by the type of PE and VC funds in the sample are significant drivers of economic activity in emerging markets. The findings from this sample provide valuable insights for understanding how PE and VC funds can support greater allocation of capital to women in emerging markets.

* Comparing the sample to market data over a five-year period (2017–2021).

COVERAGE RATE

+90%

funds raised outside of the three largest markets of China, India and Brazil

TOTAL FUNDS RAISED

60%

in emerging markets outside of China

PE and VC funds can make an outsized contribution to increasing the economic participation of women and thus strengthening economic development. However, very little evidence exists on their role in closing gender gaps in emerging markets. While a range of literature discusses the broader issues of access to finance, including access to finance for women,[3] the limited research on addressing the gaps that women face through PE and VC funds is almost exclusively focused on developed markets.

This report expands the evidence on the role of PE and VC funds in increasing opportunities for women, particularly in improving access to finance.

The report draws from a new dataset exclusively related to emerging market PE and VC funds and comprising data from both the fund managers and their portfolio companies, to examine the role of PE and VC funds in supporting opportunities for women in emerging markets, particularly in relation to access to capital. The report discusses recent trends in women's representation in PE/VC funds and in their portfolio companies in emerging markets by reviewing new data on the share of women fund partners; the share of women investment professionals; and the share of women in ownership/leadership roles within the portfolio companies of these funds.[4]

This report also examines the role that higher female representation in the private equity and venture capital industry can play in improving outcomes for funds and portfolio companies, as well as in fostering broader economic growth and development impact. The analysis focuses specifically on the effects of male/female balance in leadership—defined here as women holding between 30 and 70 percent of leadership positions. This range, referred to throughout the report as "gender balance," follows prior similar research and factors in the structure of the data available (see Chapter 3 for more details). It is important to note that this threshold is not intended as a normative benchmark for women's representation, nor does it imply that progress below this range is without significance.

The report's methodology combines quantitative and qualitative approaches to assess the relationship between gender balance in leadership and fund- and company-level outcomes. The primary method is econometric analysis based on a dataset of PE and VC funds and their portfolio companies operating in emerging markets. This quantitative analysis is complemented by qualitative insights from interviews with fund managers and industry specialists, providing context and interpretive depth to the findings.

The report focuses on three outcome areas: (i) women's representation in employment, (ii) access to finance for women, and (iii) financial performance and risk. The core research questions guiding the analysis are:

1. Is gender balance in leadership associated with greater gender balance among a fund's investment team or a company's workforce?
2. Is gender balance in fund leadership associated with a higher likelihood of investing in women-owned or women-founded companies?
3. Is gender balance in leadership associated with differences in financial performance and risk metrics?

It is important to note that this analysis does not capture all possible key outcomes that a fund manager or a company may care about. For example, ESG performance, various dimensions of employment (total direct, indirect, and induced), and other relevant outcomes fall outside the scope of this report. These areas represent important avenues for future research and data collection.

Drawing on the IFC dataset, the econometric analysis examines the relationship between gender balance at the top of a PE/VC fund and gender balance between different levels of seniority; capital allocation; and performance and risk management.

The primary methodological approach employed Ordinary Least Squares (OLS) with robust standard errors, selected based on data availability and the research objectives. To isolate the effects of gender balance on key outcomes, the models controlled for critical fund-level factors—including vintage, size, investor composition, geographic focus, and strategy—while investee-level controls accounted for company size, sector, geography, and the fund's level of influence. Robustness checks enhanced the reliability of results through alternative resampling methods, diverse model specifications, sensitivity analyses, panel regressions, and the application of instrumental variables.

To enrich the quantitative findings, insights were also gathered from discussions with industry specialists and emerging market fund managers to better understand the drivers of low female representation.

KEY FINDING 1

WOMEN CONTINUE TO BE UNDERREPRESENTED WITHIN PE AND VC FUNDS

Women remain significantly underrepresented in emerging market PE/VC funds, accounting for 30 percent of investment staff and 12 percent at the partner level. These findings compare with global averages in the PE and VC industry of 22 percent and 15 percent respectively.[5] While broadly in line, the findings show little progress over recent years and women's representation remains sticky, particularly at senior levels. The findings also highlight that relying solely on developing female talent at junior levels may not be enough and that barriers preventing progression into senior levels remain.

Figure 1: Female representation within PE and VC funds

Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

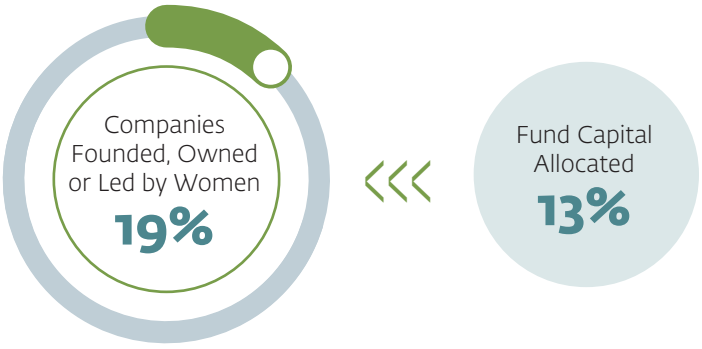
Note: In the sample, the average size of the partnership group is 8 individuals for PE funds, 4.5 individuals for VC funds, and 7 for the combined sample. The average size of the investment teams is 24 for PE funds, 9 for VC funds, and 20 for the combined sample.

Number of observations: 159 funds reported data for partners and female partners and 154 for investment professionals and female investment professionals.

KEY FINDING 2 | COMPANIES LED BY WOMEN ARE UNDERREPRESENTED IN CAPITAL ALLOCATION

Companies founded, owned, or led by women, in aggregate, represent only 19 percent of companies across the sample. The findings also show that only 13 percent of fund capital is allocated to these same companies. Not only do companies with women in decision-making positions make up a minority share of the aggregate companies backed by PE and VC funds; but when they do receive funding, they receive on average less than their male peers. The average company that is founded, owned, or led by women received $8.7 million in capital, compared to $13.3 million for other companies—a disparity of approximately 35 percent. After accounting for factors such as company size, sector, region of operation, and type of financing (PE vs. VC) through regression analysis, the gender gap in financing remains both significant and substantial at 13 percent.

Figure 2: Female representation in decision-making (founded/owned/led) within fund portfolio companies



Source: IFC analysis; IFC Funds Development Outcomes Database, 2023.

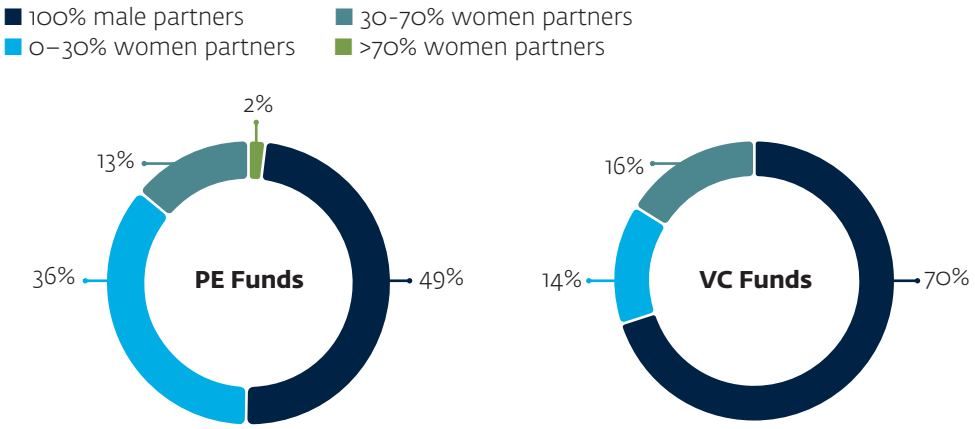
Number of observations: 1,965 companies reported data on the gender of their founders or owners or the composition of senior leadership; of these only 1,873 reported data on capital invested.

KEY FINDING 3 | FEW EMERGING MARKET PE AND VC FUNDS EXHIBIT SIGNIFICANT REPRESENTATION OF WOMEN, HOWEVER SOME REGIONS INDICATE BRIGHT SPOTS

Only 13 percent of PE funds and 16 percent of VC funds demonstrate balanced leadership teams. This broadly aligns with industry-level female representation. The level of female representation among fund leadership remains little changed compared to previous estimates of 15 percent from 2019,[6] indicating that partnerships within the industry remain sticky across successive funds raised. Overall, funds with balanced representation comprised 14 percent of the total funds in the sample and accounted for 13 percent of total fundraising, indicating that capital allocation to these funds is roughly in line with their market presence. In contrast, women-owned, -founded, or -led businesses received a disproportionately lower share of capital relative to their overall representation.

The prevalence of funds with greater representation of women is higher among more recent vintages, indicating a positive shift in industry trends. For funds with vintages from 2020 onward, the proportion of gender-balanced funds surpasses 20 percent, compared to just 8 to 15 percent for vintages[7] from 2016 to 2019. While shifts in senior leadership take time, if this upward trend persists it could signal meaningful progress over the next decade, with newer funds leading the way in driving industrywide change.

Figure 3: Representation of women partners within PE and VC funds



Source: IFC analysis; IFC Funds Development Outcomes Database, 2023.

Note: In the sample, the average size of the partnership group is 8 individuals for PE funds, 4.5 individuals for VC funds, and 7 for the combined sample. The average size of the investment teams is 24 for PE funds, 9 for VC funds, and 20 for the combined sample.

Number of observations: 159 funds reported data for partners and female partners, 110 PE funds and 49 VC funds.

Examining the level of representation of women within funds also reveals some potentially contrasting trajectories between PE and VC funds. Over 50 percent of the emerging market PE funds sampled now have at least one female partner. While this level of representation may not be enough to systematically impact investment decisions in these funds yet, it shows potential progress and a platform to advance further women into leadership levels. In contrast, 70 percent of VC funds in the sample report having no female partners.[8] The predominance of all-male partner teams underscores the need for targeted initiatives to progress women into fund leadership positions.

This situation is demonstrated through the case of South Asia, which reports a relatively high level of gender-balanced PE funds, but relatively low level of gender-balanced VC funds. One potential factor in supporting this divergent path for PE funds is the powerful role of examples and sponsorship in supporting women in the industry. The Indian PE industry has some standout examples of pioneering women that actively advocate for greater female representation in PE.[9]

KEY FINDING 4 | SENIOR LEADERSHIP TEAMS WITH 30–70 PERCENT WOMEN ARE MORE LIKELY TO FOSTER SIMILAR LEVELS OF WOMEN'S REPRESENTATION WITHIN THE EMPLOYEE BASE

Among funds where women make up 30 to 70 percent of partners, 65 percent also have investment teams where women comprise 30 to 70 percent of professionals. By contrast, only 36 percent of funds with less than 30 percent female partners achieve the same level of representation in their investment teams. This 29-percentage-point gap remains statistically significant at 28 percentage points after controlling for fund characteristics in regression analysis.

A similar pattern emerges at the company level: portfolio companies with balanced representation of men and women are more likely to foster greater inclusion of women in their workforce. Specifically, regression analysis show that after controlling for firm-level characteristics, companies with a balanced C-suite are 10 percentage points more likely to have a gender-balanced workforce over a male-dominated workforce (that is, less than 30 percent women employees).

This indicates that without intervention, funds and companies with male-dominated leadership are significantly less likely to develop and progress female talent through to senior ranks.

KEY FINDING 5 | FUNDS WITH 30–70 PERCENT WOMEN PARTNERS ARE MORE LIKELY TO ALLOCATE CAPITAL TO WOMEN-LED BUSINESSES

Funds with balanced leadership teams are more likely to invest in companies owned or founded by women. When examining capital allocation, funds with a balanced representation of women and men at the partnership level—defined as having 30 to 70 percent female partners—allocate an average of 17 percent of their portfolios to women-owned or women-founded companies, compared to just 9 percent for funds without such balance. This means gender-balanced funds invest in female-owned or female-founded businesses at twice the rate of their non-balanced counterparts, with an 8-percentage-point effect size. This effect increases to 10 percentage points and appears as statistically significant after controlling for various fund characteristics through regression analysis.

The effect is particularly pronounced for VC funds, with gender-balanced VC funds on average allocating 29 percent of their portfolio to women-owned or -founded companies, compared to 17 percent for male-dominated funds. This translates to an effect size of 12 percentage points for VC funds. On the other hand, PE funds register an effect size of 4 percentage points. These effects increase to 16 and 10 percentage points, respectively, after regression analyses that factor in fund characteristics.

This finding suggests that improving the representation of women within a fund's decision-makers enables it to identify and evaluate a more diverse range of market opportunities, thereby unlocking the potential of women-founded or -owned companies and thus fostering deeper economic development in emerging markets.

KEY FINDING 6 | THERE IS NO TRADE-OFF BETWEEN HIGHER FEMALE REPRESENTATION AND PERFORMANCE/ RISK OUTCOMES

Moving towards balance in senior leadership is not associated with reductions in fund or investee financial performance. This analysis examines whether achieving gender balance in senior leadership positions within PE/VC funds and their portfolio companies is associated with changes in financial performance. Given the historically low levels of female representation in the industry across emerging markets, concerns may arise among fund managers and investors that organizational changes aimed at improving gender balance could adversely affect returns.

The literature on gender diversity and firm performance presents a nuanced view (see Chapter 1 for more details). While diversity can introduce important benefits—such as a broader range of perspectives and reduced groupthink—it may also lead to coordination or communication challenges. The overall effect on performance and risk depends on how these potential benefits and costs interact within a given organizational and market context.

However, the findings of this report indicate that greater gender balance in leadership is not associated with lower financial performance. Specifically, there is no observed decline in internal rate of return (IRR) or total value to paid-in (TVPI) at the fund level, nor in revenues or valuations at the company level. This suggests that improved gender representation does not come at the expense of financial outcomes.

Gender-balanced representation in senior leadership is also associated with improvements in some risk outcomes for fund managers. This analysis examines whether balanced leadership of PE/VC funds is associated with changes in risk outcomes, measured by write-off rates, investee return variability, and fund-level return variability. Gender-balanced funds exhibit three times lower write-off rates than male-dominated funds (1.6 percent vs. 4.7 percent). When looking at variability in investee returns and of fund-level return dispersion, there is no significant statistical difference between that of gender-balanced or male-dominated funds.

These results are also broadly mirrored at the investee level, where gender balance does not lead to increased financial risk, where financial risk is measured by net debt-to-earnings before interest, taxes, depreciation, and amortization (EBITDA) and revenue-to-EBITDA.[10]

IMPLICATIONS FOR FUND MANAGERS AND INVESTORS

The industry, the community of investors, and international institutions must prioritize increasing representation of women within senior management of fund managers to reap the associated business benefits and improve economic opportunities for women. This report finds that a gender-balanced fund is more likely to invest in women-led companies. In turn, these companies are also more likely to have balanced workforces, meaning the investment will also be associated with a higher rate of female job creation. If women-led companies continue to remain the minority within emerging market PE/VC portfolios, it will continue to skew allocation of capital toward male-led businesses and limit the contribution of women-led companies.

To do effective due diligence on a wider range of companies and ensure opportunities are not left on the table, fund managers need to increase representation of women in investment decision-making roles. This report finds that funds with gender balance in their senior leadership teams—defined as having 30 to 70 percent women partners—are significantly more likely to allocate capital to women-owned or women-founded companies. Without including more diverse perspectives, conscious or unconscious biases may influence the way the fund conducts due diligence on these companies. This could have a material impact on a fund's investment choices, particularly in segments that have historically higher representation of women, such as health care. Limited partners (LPs) can also play a key role in influencing a fund manager's focus on women's representation among its staff and portfolio companies. This can occur pre-investment, by ensuring gender considerations are part of their due diligence criteria; and post-investment, by using their roles on the fund's Limited Partner Advisory Committee (LPAC) to ensure agreed gender strategies are implemented.

Change needs to occur at the top. Funds that want to bring more women into investment roles first need to improve the representation of women within their senior leadership. The evidence in this report supports a top-down relationship between gender balance within fund partnerships and fund investment staff.

Recruitment policies that support hiring of junior-level women within funds, while important, may not be enough to deliver organizational change. The starkly lower levels of female representation at partner levels compared with junior to mid-level indicates there is an over-reliance on practices that are easier to implement, such as entry-level recruitment, as opposed to changing internal systems to promote women into senior roles. Barriers preventing women from progressing into senior leadership ranks remain in place.

Support is available to fund managers and investors for improving the representation of women within funds, but this must be scaled further. A range of guidance and programs are now available to enable funds to implement improved gender practices both internally and across their portfolios. For instance, the International Finance Corporation (IFC) has launched various programs[11] to equip fund managers, accelerators, and entrepreneurs with the tools and knowledge to integrate greater representation of women into their core operations. Other organizations such as the ILPA, BII, and 2X Global have also launched communities of practice, certification mechanisms, resource hubs, and training to support limited partners and general partners (GPs). To improve the representation of women in fund managers, these initiatives must be scaled further.

1

Private Equity *and* Venture Capital Funds

Can Play a Powerful Role in Unlocking the Economic Potential of Women in Emerging Markets

1.1 Access to Finance and Economic Opportunities for Women is Constraining Economic Growth and Development in Emerging Markets

Women continue to face significant gaps in accessing economic opportunities, and despite general acknowledgement that these gaps exist, progress towards gender equality over the last decade has been slow. The world is not on track to achieve gender equality and the UN estimates it could take over 100 years for women to close labor market gaps.[12] With over 80 percent of the world's female population in emerging markets, this leaves large portions of the emerging market population behind and leaves economic opportunities on the table.

Gender gaps are prevalent across a range of social and economic outcomes. This report will focus on the role that private equity (PE) and venture capital (VC) funds can play in contributing to reducing two aspects of the gender gap that have direct implications for the economic opportunities available to women: i) access to labor markets; and ii) access to finance and entrepreneurial ecosystems.

ACCESS TO LABOR MARKET OPPORTUNITIES

Closing the gaps between male and female labor market participation would yield substantial economic benefits. The global labor force participation rate for women is just over 50 percent, compared to 80 percent for men. In addition, only 46 percent of women aged 15 and above are employed, compared to 69 percent of men, a gap of 23 percentage points.[13] Research also shows that when women do work, they earn less, are less likely to work in formal employment, and have fewer opportunities for business expansion or career progression. Women also on average have only two-thirds of the legal rights of men, and in 77 countries women are legally banned from working in the same jobs and industries as men.[14]

Estimates show that long-run income per capita could potentially be 20 percent higher if women were employed at the same rate as men.[15] Women make up over 50 percent of the global population but exhibit 30 percent less labor market participation than men; this means women are substantially underrepresented in the labor market. Improving women's access to labor markets could directly improve productivity by increasing access to assets (such as land, finance, housing, and technology), productive jobs, and high-value-added product markets.[16]

Gender gaps in the labor market are particularly acute in emerging markets. While gaps in labor market access in high-income countries remain, the disparity in labor income is shown to widen as national income declines. Low-income countries exhibit more than double the rate of unemployed women who are willing to work, compared with high-income countries.[17] Even when employed, women earn less than men, particularly in low-income countries, where a woman earns just 44 cents per dollar earned by a man.[18] The larger gender-gap in lower-income countries also serves to highlight the greater potential for economic development that closing it could bring in emerging markets and why doing so should be prioritized.

ACCESS TO FINANCE AND ENTREPRENEURIAL ECOSYSTEMS

It is also well documented that access to finance is one of the main challenges women entrepreneurs face, including through credit, equity financing, and insurance.[19] More than one billion women do not have access to finance[20] and women-led SMEs in emerging markets face an estimated credit gap of $1.9 trillion.[21] Reasons for this gap include historical and cultural barriers; women are seen as higher risk and more likely to be operating in the informal sector, which limits their ability to source capital from institutions.

> "The gender gap for women in the global workplace is massive—in fact, much wider than previously thought."
>
> – World Bank Group, Women, Business and the Law 2024

Estimates show economic gains on the order of $5 trillion to $6 trillion if women started and scaled new businesses at the same rate men do.[22] Lack of networks and knowledge also limit female entrepreneurship, with studies showing that men have more social connections that enable them to access business opportunities, information, and contacts than women do.[23]

Gender gaps within companies also impact which companies and sectors receive finance. For instance, women spend a greater share of their income on health and education;[24] and these sectors have some of the highest participation of women.[25] Similarly, female entrepreneurs are more likely than their male counterparts to pursue ventures that focus on the female consumer, children, and their challenges, and they focus more on diversity when hiring.[26] Limiting access to finance for women disproportionately affects these critical sectors in emerging markets and hinders the scaling of solutions addressing challenges faced by women and families. A recent report highlighted the potential for rapid growth in health tech solutions for women in emerging markets, estimated to be worth around $12 billion by 2025.[27] These figures highlight the substantial economic potential of greater access to finance for women in emerging markets.

1.2 This Report: New Evidence on the Effects of Increased Female Representation in the Emerging Market PE and VC Industry

Women have substantial untapped potential to contribute to economic growth and development in emerging markets. A key opportunity to unlock this potential is by increasing the participation of women within the labor markets and entrepreneurial ecosystems. However, increasing participation of women faces significant barriers: women lack equal access not only to capital, but to advice and networks that would help them leverage any capital they do access, which in turn can limit job creation opportunities. This situation exists partly because women are not sufficiently represented in leadership positions of companies or in the decision-making roles that channel capital to companies, perpetuating a cycle of underinvestment in women. PE and VC funds have a vital role to play in breaking this cycle as they are vehicles that channel substantial amounts of capital and strategic support to companies.

However, despite the significant role of PE and VC funds in directing capital to companies, very little evidence exists on their role in closing gender gaps in emerging markets. While a range of literature discusses the broader issues of access to finance, including access to finance for women,[28] the limited research on gender gaps within PE and VC funds is almost exclusively focused on developed markets. This report seeks to fill this void by using a new emerging market dataset to examine the role of PE and VC funds in supporting access to capital for women in emerging markets.

This chapter first sets out the role that PE and VC funds can play in expanding economic opportunities for women. It then draws on the broader evidence base regarding the persistent finance and labor market gaps women face and presents a theory of change that links improved female representation in senior leadership to outcomes at the fund and company levels. Given that PE and VC funds serve as critical capital allocators, the theory of change highlights how moving towards greater gender balance at the top can shape investment decisions, with potential ripple effects on capital flows to women-led businesses and the expansion of economic opportunities for women more broadly.

1.3 PE and VC Funds Support Access to Capital and Business Opportunities in Emerging Markets

There is a substantial gap in access to finance for small to mid-market companies in emerging markets. Estimates show the gap in such funding is $5.7 trillion, which is equivalent to around 20 percent of the gross domestic product (GDP) in these countries. In addition, there is an estimated $2.1 trillion potential demand for finance from informal enterprises in developing countries, which is equivalent to another 8 percent of the GDP in these countries.[29] In the current fiscally constrained environment, expecting governments to fill these gaps, potentially equivalent to almost 30 percent of emerging market countries' GDP on average, is not realistic. Finding private sector solutions will be critical to meeting these needs and supporting greater prosperity in emerging markets.

Meeting this gap requires private-sector financing solutions covering both debt and equity products. Around 90 percent of all companies, 70 percent of employment, and 50 percent of GDP in emerging markets is driven by small and medium-size companies. Yet IFC estimates that up to 40 percent of these companies are credit-constrained and lack adequate financing options.[30] This limits their ability to grow and support much-needed economic activity. While banks and other financial intermediaries will play a key role in providing financing options, relying solely on these products leaves a critical gap in support for companies and entrepreneurs in emerging markets. Many of these credit-constrained companies fall

within a space known as the "missing middle," made up of companies too big for microfinance options, but not large enough (or lacking formal institutional and governance structures) to receive lending from formal lenders like banks.

PE and VC funds play a critical role in supporting the missing middle by providing an alternate source of finance that has a number of advantages when compared to traditional lending options:

1. **PE and VC funds take equity stakes—**Funds directly invest in a company, committing capital from fund investors as well as the fund's partners. This directly aligns the incentives of the investors and company to achieve a common objective. In contrast, traditional lenders provide loans or lines of credit with no "skin in the game" and under a fixed repayment plan regardless of company performance.

2. **PE and VC funds typically invest over longer time frames—**Funds typically invest over an 8- to 12-year horizon, allowing time for the company to realize its medium-term objectives and to manage economic cycles. In contrast, traditional lending typically provides tenures under five years and requires scheduled repayment regardless of external circumstances.

3. **PE and VC funds can more flexibly consider individual company situations and growth trajectories—**Given each fund will only make a limited number of investments, fund managers can devote significant effort to due diligence and to understanding specific company circumstances and structures to a degree that a more regulated bank lender may not be able to.

4. **PE and VC funds provide both equity capital and strategic advice—**In addition to providing much-needed capital, funds take an active role in providing strategic advice and in the operational management of the company. This is particularly critical in emerging markets, where company management experience is often limited, and these funds can provide companies with access to world-class advice.

The role of PE and VC funds in emerging markets is growing rapidly. While PE and VC funds represent only around 10 percent of global assets under management (AUM), this still equates to more than $8 trillion AUM as of the end of 2023.[31] In emerging markets, annual investment by these funds more than doubled over the last decade to a peak in 2021 of over $200 billion.[32] Yet, despite the growth, this capital still represents a fraction of the annual finance needed by these markets, with most investment occurring in a limited set of countries and leaving the PE and VC asset class nascent in most emerging markets. Further, within the context of an already constrained finance environment within most emerging markets, the gender gap in equity finance is particularly notable—earlier IFC research found that only about 7 percent of PE and VC capital in emerging markets goes to women-led business.[33]

1.4 Expanding Opportunities for Women through PE and VC Funds Unlocks Economic Potential

PE and VC funds can potentially deliver an outsized contribution to creating economic opportunities for women and strengthening economic development. The preceding discussion describes the growing role that the PE and VC asset class plays in providing alternate financing options for companies and entrepreneurs in emerging markets. Yet within the broader challenges of access to finance and labor markets, very limited information is available regarding the role these funds can play in expanding access to finance for women-led companies and broadening the economic opportunities available to women.

To better understand these issues and the potential effects of increasing the representation of women within the industry, this report first defines a theory of change that drives the subsequent analysis. To better understand the potential effects of increasing women's representation in the PE/VC industry, this report begins by establishing a theory of change that guides the subsequent analysis. This framework is grounded in a comprehensive

review of existing literature and enriched by insights from IFC's investment experience. The theory of change is illustrated in Figure 4. The analysis adopts the concept of gender balance, defined as the presence of 30 to 70 percent women in leadership positions. This definition reflects both methodological considerations—balancing precedents set by prior research[34] and the practical constraints of the available data—and alignment with institutional goals to advance gender equality. Importantly, this threshold should not be interpreted as a normative benchmark for representation in the industry.

This theory of change identifies three key relationships that describe how gender balance can deliver positive impacts for fund managers, portfolio companies, and the economy:

1. **Gender balance at the top drives gender balance at the bottom.**

   Moving towards gender balance in senior leadership teams within PE/VC funds and portfolio companies contributes to having a balanced workforce. This thesis is supported by a body of research—primarily from developed economies and grounded in sociology and economics, with some emerging work in the PE/VC space—which finds that female managers are more likely to hire and promote women, that gender diversity policies at the top often have trickle-down effects, and that recruitment decisions are influenced by individuals' tendency to prefer those similar to themselves.[35]

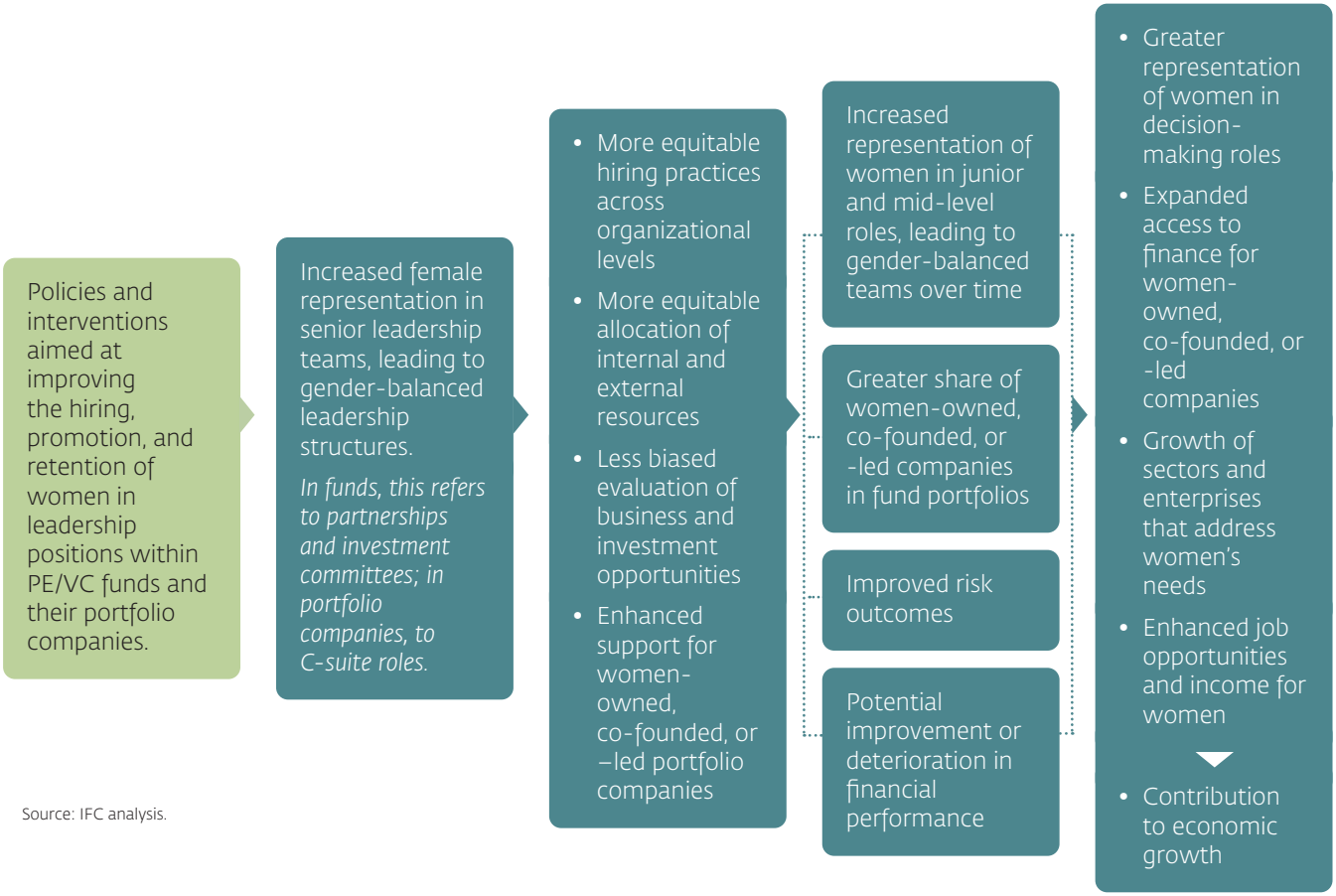
   This top-down dynamic is particularly important in the PE/VC industry—both within funds, where key decisions are typically made by a relatively small group of partners, and within portfolio companies, which are often mid-cap firms or startups led by a compact group of senior executives. In both settings, balance within senior leadership teams plays a critical role in fostering the conditions necessary to sustain or increase the representation of women more broadly. While growing the number of women in junior and mid-level roles can help build a pipeline for future leadership, research shows that this alone is often insufficient to achieve gender balance at the top. This pattern is echoed across industries, where gender parity at entry levels frequently fails to translate into meaningful representation at the C-suite—commonly referred to as the "glass ceiling."[36] Such underrepresentation is a missed opportunity, especially given that employment in the PE/VC industry often offers access to higher-than-average earnings and accelerated career advancement.

2. **Gender balance among investment decision-makers supports greater allocation of capital to women.**

   Gender balance within senior leadership teams in PE/VC funds positively impacts the type of companies that receive capital, in particular, women-owned or -founded companies. This thesis is supported by a body of research highlighting the role of both conscious and unconscious biases in investment decisions. A lack of diversity in investment discussions limits the range of perspectives considered, ultimately constraining capital allocation to a narrower set of opportunities. Various studies have shown a relationship between the gender of the capital allocator and the recipient of this capital; for instance male early-stage investors show less interest in female entrepreneurs than in their male counterparts.[37] Meanwhile, female early-stage investors tend to show greater interest in female entrepreneurs compared to their male counterparts or mixed-gender founding teams.[38]

   However, research also indicates that while affinity—such as shared gender—can influence investment interest, the overall gender composition of the decision-making group plays a more decisive role in determining funding outcomes. Evidence from the US PE/VC industry suggests that simply having a woman at the table does not guarantee increased investment in women-led businesses. In fact, studies show that VC funds whose investment committees or partnerships included only a small minority of senior female professionals were still

Figure 4: Theory of change—how expanding opportunities for women within the PE/VC industry can expand opportunities for women and accelerate economic growth



Source: IFC analysis.

less likely to fund women-owned businesses. This is attributed to the dynamics of group decision-making, where underrepresented individuals may be more likely to defer to the majority view—in this case, their male colleagues.[39]

Over time, it is anticipated that greater allocation of capital to women-owned and -founded companies at the fund level will enhance women's access to finance more broadly across the economy. This shift may also stimulate the growth of industries, sectors, and companies dedicated to addressing unique challenges faced by women, fostering greater inclusivity and innovation within emerging markets.

3. **Gender balance can improve or diminish fund and portfolio company performance and risk outcomes, depending on how the benefits of diversity interact with the organizational costs of enabling it.**

The relationship between gender diversity in senior leadership and financial or risk outcomes is complex and mediated by several organizational and contextual factors.[40] The pathway from diversity to measurable

outcomes involves multiple intermediate steps. First, increasing diversity at the top typically requires organizational change, which may entail short-term costs, including adjustments to structures, practices, or culture. Second, the presence of diversity alone may not be sufficient to produce meaningful outcomes; research on critical mass and tipping points indicates that only when diverse representation reaches a certain threshold can it begin to influence group dynamics and decision-making.[41] Even then, the introduction of diversity can result in both benefits—such as broader perspectives—and costs—such as increased coordination requirements. The net effect on performance or risk management therefore depends on how these benefits and costs interact in a specific organizational and market context.[42]

Several mechanisms underpin the hypothesized positive relationship between gender balance in leadership and improved performance and risk outcomes in PE/VC funds and portfolio companies. First, more diverse leadership networks can broaden access to underexplored or differentiated investment pipelines. Second, a wider range of perspectives within decision-making teams can reduce groupthink and cognitive bias,[43] which may lead to improved investment decisions. Third, gender-balanced teams may be better equipped to engage with and support a diverse array of portfolio companies post-investment, fostering higher growth and ultimately driving stronger returns. Fourth, diverse leadership has been associated with enhanced risk awareness and governance practices, which can support more sustainable long-term performance.[44]

However, the literature also identifies potential drawbacks. Studies in organizational behavior and psychology highlight that diverse teams can face greater coordination and communication challenges. These increased transaction costs may, under certain conditions, offset the potential informational or cognitive benefits of diversity. As such, the net impact of gender diversity is not universally positive and may vary by organizational maturity, team structure, and cultural context.

Empirical evidence on the relationship between gender diversity and company performance, like the theoretical perspectives discussed earlier, is also mixed. While numerous press articles, industry reports, and consulting studies have highlighted cases where companies with women in management and board positions outperform those with all-male leadership, these findings are often context-specific or time-bound. In contrast, broader academic research presents a more nuanced perspective. The most recent meta-analyses—aggregating effect sizes from multiple studies with global coverage—suggest that the link between gender balance or the gender of decision-makers and company performance is either statistically insignificant or positive but relatively small.[45] Research examining the fund space is scarcer and mostly US-focused, but also shows a mixed picture. For example, one study finds that a 10 percent increase in female partner hires among VC firms in the US is associated with a 1.5 percent annual rise in overall fund returns,[46] while another finds no significant relationship between fund ownership diversity in US PE firms and performance metrics like net fund internal rate of return (IRR) or net multiples.[47]

The literature is relatively more convergent on the role of gender in risk outcomes as well as on other outcomes such as improved environmental, social, and governance standards (ESG).[48] It suggests that gender balance in leadership can contribute to improved risk levels and ESG outcomes thanks to more responsible decision-making.[49] While some studies that find positive effects on risk also argue that better risk management leads to better long-term financial outcomes, this last link is not as strongly supported by established and generalizable evidence.[50]

1.5 Report Methodology: Introducing a New Dataset on Representation of Women in Emerging Market PE and VC Funds and the Companies They Invest In

DATASET

To test the relationships identified in the theory of change, this report introduces a new IFC dataset representing around 170 generalist PE and VC funds and their 2,000 portfolio companies across emerging market countries and collected in 2023. Together, these 170 funds, raised between 2005 and 2021, reflect around $40 billion in capital raised in emerging markets. To highlight the relevance of this dataset to the small to mid-cap segment examined in this report, Figure 5 presents the sample's estimated cross-market coverage of the small to mid-market funds raised over a five-year period from 2017 to 2021. This comparison shows that for this segment, the sample captures over 90 percent of the funds raised outside of the three largest markets of China, India, and Brazil; and also reflects over 60 percent of the funds raised outside of China. The small to mid-market companies supported by the type of PE and VC funds in the sample, as established in this chapter, are significant drivers of economic activity in emerging markets. Together, these companies also support jobs for around 1.35 million people, 500,000 of which are women.

The dataset also includes over 2,000 portfolio companies of these funds. The companies reflect the spectrum of early-stage to mid-market companies across all emerging market regions. The companies invested in by PE funds see the highest concentrations in Africa (20 percent) and East Asia and the Pacific (30 percent), with an average investment size of $24 million and average time since investment of five years. Companies invested in by VC funds see the highest concentrations in East Asia and the Pacific (30 percent) and Latin America (30 percent), with an average investment size of $4 million and average time since investment of four years. These companies represent a broad range of industries, with notable concentrations under PE funds in finance and insurance products, communications, health care, and food and beverage production; and under VC funds in software-as-a-service (SaaS), retail, e-commerce, and healthtech.

This dataset provides valuable insights for understanding how PE/VC funds can support greater allocation of capital to women in emerging markets. The sample does not purport to be proportionally representative of the total capital allocation across emerging markets by PE/VC funds. Rather, the findings reflect a balanced view of the situation for small to mid-market companies in emerging markets that are not dominated by particular countries, enabling findings to be relevant and usable across all markets. Further, using portfolio data from each fund's own portfolio ensures outcomes are attributable between fund and fund portfolio company. This data is also augmented by evidence gathered from discussions with

Figure 5: Data coverage of emerging market funds

	Market Number	IFC Number	Coverage Percent
EM funds raised that target the small to mid-market segment*	128	80	63
India	47	14	30
Brazil	24	14	58
Rest of EM	57	52	91

*Growth PE + early/late-stage VC raised that achieved a final close >$100 million and under $1 billion; excluding China.

Source: IFC analysis; market data is sourced from Global Private Capital Association (GPCA). The sample coverage rate was derived by comparing an equivalent 10-year period (2012–2021) across both the sample and market data. This period was chosen because it represents the primary period of funds raised in the sample. While IFC's sample extends beyond these years, funds raised earlier or later may have exited or not yet entered the portfolio data reporting. This comparison is purely for approximating the coverage rate and all analysis in the report is based on the full set of 170 funds.

industry specialists and emerging market fund managers to understand the drivers of low female representation, and comparisons with other industry benchmarks such as Preqin. Appendix 1 provides further details on the composition of the dataset used in this report.

APPROACH

Drawing on this dataset, the analysis and the subsequent structure of this report was conducted in three stages.

1. **Identifying the level of representation of women in PE and VC funds and the companies they invest in.** The first stage of analysis examines the aggregate level of female representation across the emerging market funds in the sample. This stage examines three key variables: (i) the share of women among total PE/VC fund partners; (ii) the share of women among total investment professionals; and (iii) the share of women with ownership/leadership roles within the portfolio companies of these funds. This analysis is conducted across various cross sections, including type of fund and region, with the findings presented at aggregate level across funds to gauge the participation of women across these segments in a way that can be contrasted with other industry reports. The findings of this analysis are presented in Chapter 2.

2. **Identifying funds and companies that meet the threshold for gender balance in senior leadership.** The second stage applies the concept of gender balance—defined as 30 to 70 percent women in senior leadership—to each of the 170 funds and over 2,000 portfolio companies in the dataset. At the fund level, gender balance is measured by the proportion of female partners. This stage also extends the analysis to investment staff more broadly. Entities are classified based on whether they meet the defined threshold for balanced representation. Findings from this stage are presented in Chapter 3.

3. **Applying econometric analysis to examine the three key relationships identified in the theory of change.** At the fund level, the models investigate three key outcomes: (i) gender balance within investment teams; (ii) gender balance and capital allocation; (iii) gender balance and performance, assessed by net fund IRR and total value to paid-in (TVPI) capital relative to an emerging markets benchmark; and (iv) gender balance and risk, measured by the standard deviation of returns across the portfolio. At the portfolio company level, the models center around whether gender-balanced leadership influences: (i) the gender balance within the workforce of the company and (ii) company performance, measured as compounded annual revenue growth and investee valuation.

The primary methodological approach employed Ordinary Least Squares (OLS) with robust standard errors, selected based on data availability and the research objectives. To isolate the effects of gender balance on key outcomes, the models controlled for critical fund-level factors—including vintage, size, investor composition, geographic focus, and strategy—while investee-level controls accounted for company size, sector, and the fund's level of influence. Robustness checks enhanced the reliability of results through alternative resampling methods, diverse model specifications, sensitivity analyses, panel regressions, and the application of instrumental variables. The findings of this analysis are presented in Chapter 4 and the approach is discussed in detail in Appendix 2.

2

Women *are* Underrepresented

in Emerging Market Private Equity *and* Venture Capital Funds *and* Fund Portfolio Companies

Chapter 2 describes the current state of industry awareness of gender issues and presents the findings from the sample on the representation of women in emerging markets private equity (PE) and venture capital (VC) funds. It also presents findings on the degree to which these funds invest in women-led companies.

2.1 Fund Managers and Investors Have Increased their Awareness of Women's Representation in Decision-Making

The treatment of women's representation within professional investing has seen significant growth, reflecting a heightened awareness of the importance of gender balance in the financial sector. "Gender impact" or "gender lens" investing refers broadly to investing that seeks to intentionally and measurably use capital to address disparities between women and men, and to better inform investment decisions.[51] As illustrated in Box 1, funds focused on such strategies address gender inequalities in a variety of ways. According to Wharton's Project Sage 4.0, which tracks "gender lens" investing, the number of gender lens funds grew by at least 3.5 times between 2017 and 2022, from 58 to 206,[52] and reflect around $6 billion assets under management (AUM). Its successor program, 2X's Project Catalyst, has since identified around 175 funds that invest with a gender lens, totaling at least $7.9 billion AUM and another $6.2 billion in investment opportunities for funds actively raising capital for gender-focused investments.[53] Additionally, according to Parallelle Finance, which tracks publicly traded "gender lens equity funds," AUM reached $4.4 billion as of December 2023.[54] While these gender lens funds represent only a segment of funds that include gender strategies and primarily cover funds in developed markets, the expansion is indicative of a broader shift towards integrating gender considerations into investment strategies.

Box 1: Broad definition of gender impact or gender lens investing criteria

Gender investing covers a broad range of gender elements associated with the fund portfolio companies or fund manager.

Gender investing, also referred to as "gender lens investing," is an investment strategy that seeks to intentionally and measurably use capital to address gender disparities between women and men, and to better inform investment decisions. It is the understanding of gender roles as a material factor of analysis that strengthens investment decision-making. While the definition of gender investing is quite broad, fund managers in emerging markets tend to invest in companies utilizing one, all, or a combination of the following gender investment strategies:

DIRECT INVESTMENTS

Companies that are:

- Owned by women and/or with women represented in leadership
- Committed to a gender-diverse and equitable workforce
- Committed to a gender-inclusive value chain
- Committed to offering and designing products or services that consider the distinct needs of women as a consumer segment
- Committed to ensuring their operations do no harm to women in the community

Investment Processes

- A process that focuses on gender, from pre-investment activities (due diligence) to post-deal monitoring (strategic advisory)

Source: IFC/BII, 2020.

There has also been an evolution in perceptions of gender diversity within the PE and VC industry, with an increasing awareness of the importance of female representation. Key themes from previous research have indicated that investors in funds generally viewed gender balance as important, but this importance was not seen by the fund managers themselves.[55] More recently, the narrative has shifted away from proving the case for considering increasing the role of women, to working with funds on how to achieve it. However, it should be noted that despite an increasing awareness of the narrative on increasing female representation, it is still not a focus for many funds. In this context, the role of limited partner investors, particularly development finance institutions (DFIs), is becoming increasingly important in driving change within the industry, especially in emerging markets. Limited partners can also play a key role in influencing a fund manager's focus on women's representation. This can occur pre-investment, by ensuring gender considerations are part of their due diligence criteria; and post-investment, by using their roles on the fund's Limited Partner Advisory Committee (LPAC) to ensure agreed strategies are implemented.

There is an increasing amount of advice available to support funds in improving internal policies on gender and increasing gender balance in decision-making. Many of these initiatives are offered by DFIs, industry bodies, impact investors, and service organizations. These organizations have supported this strategy by launching a range of capacity-building programs and tools designed to

Box 2: The 2X Challenge

The 2X Challenge is mobilizing capital towards gender lens investing.

The 2X Challenge is a movement launched at the G7 Summit in Canada in 2018 as an ambitious commitment to collectively mobilize $3 billion in private sector investments in emerging markets over three years. Since then, the initiative has catalyzed gender lens investments totaling $33.6 billion, far exceeding its initial targets and sending a powerful signal to the market about the business and impact case for gender finance. The 2X Challenge's success has set a precedent for investors, demonstrating the scalability of gender-smart investing.

TOTAL

$33.6B

Gender lens investments in past 3 years

2X Challenge participating investors are capital providers who qualify investments within their portfolio under the 2X Criteria. The 2X Criteria are used to assess investments that provide women with leadership opportunities, quality employment, access to finance, participation in supply chains, and access to products and services that enhance economic participation. The criteria have been widely adopted by investors and financial intermediaries as well as other stakeholders worldwide to assess and monitor gender lens investments.

GOAL

$20B

Over next 3 years

The next round of the 2X Challenge is now open to public and private capital providers. This collective commitment aims to unlock at least a further $20 billion over three years and encourage gender and climate investments.

Source: 2X Global.

enhance female representation within the PE/VC ecosystem. For example, 2X Global is a global membership and field-building organization for investors, capital providers, and intermediaries, providing a variety of services and tools to build capacity and set and align standards on gender investing.[56] IFC has launched various programs such as Invest2Equal and ScaleX to build the capacity of fund managers to address gender diversity within their company and operations, including systems change through the adoption of policies and practices, and SheWins, which equips fund managers and accelerators with the tools and knowledge to integrate gender diversity into their portfolio companies and build pipelines of investment-ready women-led ventures. Other efforts include the following: Asian Development Bank utilizes a Gender Equality Scorecard[57] to help fund managers evaluate companies based on gender-responsive criteria; FinDev Canada introduced the 2X Fund Manager Training in 2022[58] to enhance expertise among investment professionals; UN Women developed the Women's Empowerment Principles, including the Gap

Analysis Tool[59] for global companies to assess gender equality performance; and Value for Women has developed toolkits for capital providers such as the Gender Smart Nexus, a proprietary digital platform that invites organizations to improve their business outcomes and social impacts by advancing gender inclusion in practice.[60]

The industry is beginning to address cultural and structural barriers, with an increasing number of funds including an explicit gender mandate or one that integrates gender considerations into investment selection, analysis, and/or portfolio management.[61] However, given the 10- to 12-year lifecycle of funds, change takes time and much work remains to be done.

2.2 Report Finding: Women Continue to be Underrepresented Within PE and VC Funds

DEFINING FEMALE REPRESENTATION WITHIN FUNDS

Across the 170 funds included in this analysis, two metrics of female representation within a fund manager were collected:

- **Share of women at partner level (or equivalent) within a fund**—derived by collecting data on the number of female partners and total partners within each fund.
- **Share of women who work as investment staff within a fund—**derived by collecting data on the number of female investment staff and total investment staff within each fund. This excludes partners (counted above) and non-investment staff such as administrative support staff, which typically exhibit higher levels of female representation.

The findings presented in this chapter reflect the aggregate level of representation across the dataset, and do not reflect the situation in individual funds. This aggregation is done to gauge the overall level of female representation within the emerging market PE/VC industry and provides an indicative comparator to other market studies, such as Preqin's Women in Alternate Assets series.

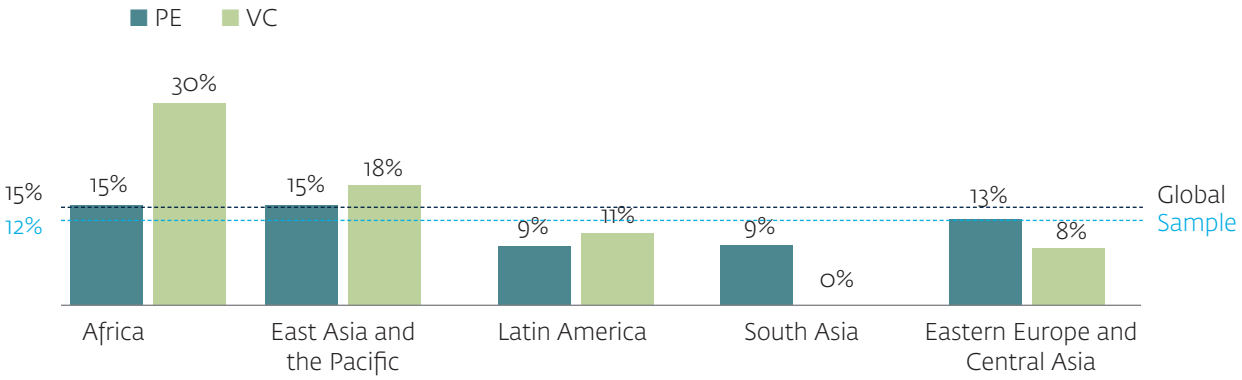
FEMALE REPRESENTATION WITHIN FUND PARTNERS

Female representation remains low at partner levels, where women represent just 12 percent of partners in emerging market funds.[62] This is true for both PE and VC funds and cuts across all regions, and indicates that emerging market funds are also behind the global PE/VC industry average of 15 percent senior-level female representation.[63] One notable exception is the African VC industry. While the sample is too small to draw definitive conclusions, it indicates that Africa is a bright spot in female representation within the industry.

Across regions, PE funds generally demonstrate relatively consistent levels of female representation in fund partnerships, ranging from 9 to 15 percent. PE funds in Africa and East Asia and the Pacific exhibit female representation levels close to the global average of 15 percent, followed by Eastern Europe and Central Asia at 12 percent, and Latin America and South Asia at 9 percent. In comparison, VC funds in most regions show higher levels of female representation in fund partnerships. However, this result may be influenced by the smaller sample size of VC funds reporting gender composition (49 VC funds compared to 110 PE funds reporting gender partnership data) and the fact that PE fund partnerships are typically larger, with an average of 8 partners per fund in our sample, compared to an average of 4.5 partners per fund for VC funds. Notably, South Asia and Eastern Europe and Central Asia report particularly low shares of female partners in VC funds, underscoring persistent barriers to women's participation in the PE/VC industry in these regions.

Figure 6 shows the level of female representation at partner level across regions.

Figure 6: Share of female fund partners by region



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023; Preqin, 2024.

Number of observations: 110 PE funds and 49 VC funds reported data on gender of the partners and region. Of these, 2 PE and 2 VC funds were excluded from this chart as they have a world focus. Regional breakdown is as follows: Africa: 35 PE and 4 VC funds, East Asia and the Pacific: 26 PE and 16 VC funds, Latin America: 16 PE and 13 VC funds, South Asia: 18 PE and 6 VC funds, Eastern Europe and Central Asia: 11 PE and 6 VC funds, Middle East: 2 PE and 2 VC funds (not shown in the above chart due to the limited number of observations compared to other regions).

FEMALE REPRESENTATION ACROSS FUND INVESTMENT STAFF

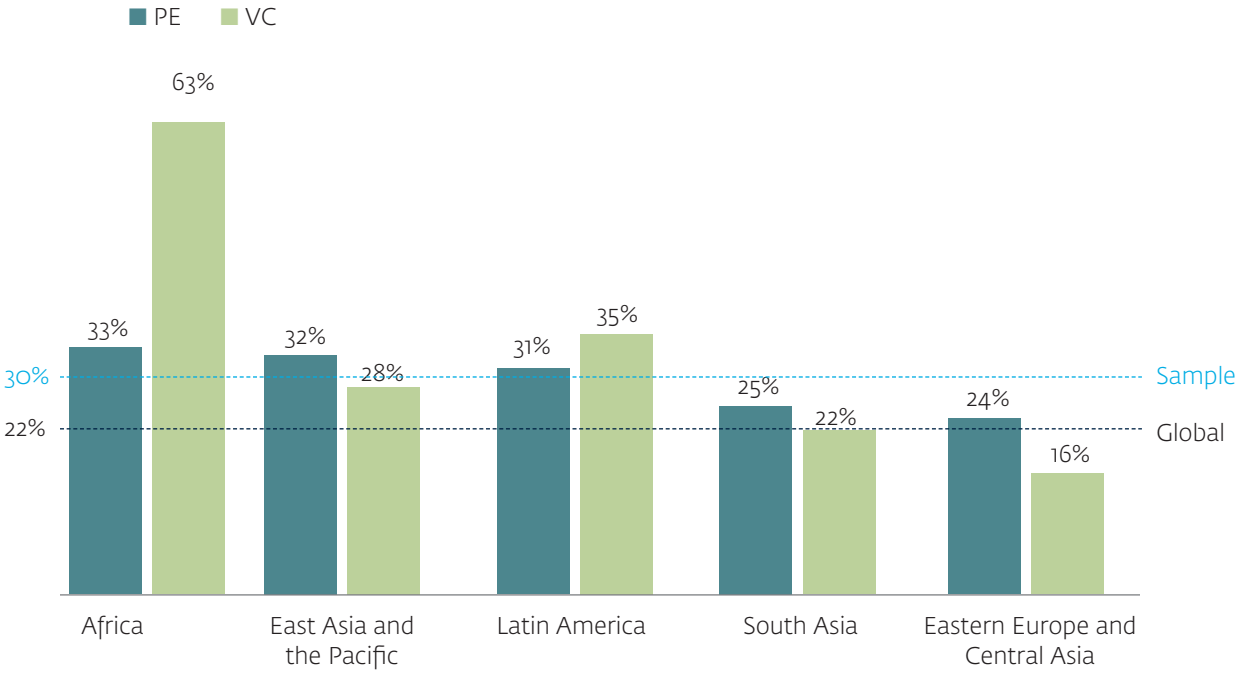
Women represent around 30 percent of emerging market fund investment staff—notably higher than their developed market counterparts.[64] While direct comparators in emerging markets are not available, considering that global PE/VC data shows that around 22 percent of global PE/VC industry investment staff are women[65] and that developed markets reflect a large portion of these findings, emerging market fund managers in the sample are demonstrating higher levels of female representation at investment level than their developed market counterparts.

Figure 7 shows the level of female representation within fund investment staff across regions.

Across all regions, female representation among investment staff in PE funds surpasses the global average, with Africa leading at 33 percent, followed by East Asia and the Pacific at 32 percent, Latin America at 31 percent, South Asia at 25 percent, and Eastern Europe and Central Asia at 24 percent. In contrast, VC funds in our sample generally report equal or lower levels of female representation in investment roles compared to PE funds. However, these comparisons should be interpreted with caution, given the small sample of VC funds reporting investment team composition (42 funds) and the typically leaner VC investment teams, averaging 9 staff per fund compared to 24 in PE. Notably, while female representation at the partner level remains limited, VC funds in South Asia and Eastern Europe and Central Asia show greater female participation in junior and mid-level investment roles. This pattern underscores a persistent glass ceiling in these regions, restricting women's advancement to senior leadership positions.

Figure 8 illustrates the loss of female representation when moving from junior and mid-level to senior leadership within funds.

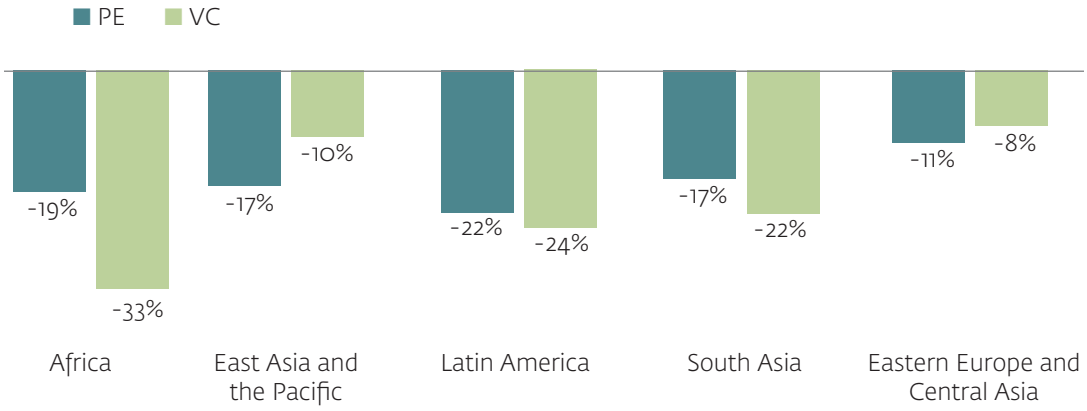
Figure 7: Share of female fund investment staff by region



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 112 PE funds and 42 VC funds reported data on gender of investment professionals and the region they invest in. Of these, 2 PE funds were excluded from this chart as they have a world focus. Regional breakdown is as follows: Africa: 35 PE and 3 VC funds, East Asia and the Pacific: 26 PE and 14 VC funds, Latin America: 15 PE and 11 VC funds, South Asia: 19 PE and 6 VC funds, Eastern Europe and Central Asia: 13 PE and 6 VC funds, Middle East: 2 PE funds and 2 VC funds (not shown in the above chart due to the small number of observations relative to the other regions).

Figure 8: Percentage-point difference in female representation between investment staff and partner level



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

The contrast between representation of women at partner and investment staff level highlights a potential disconnect between where funds prioritize their efforts to increase representation within emerging market funds and the representation of women among fund leadership teams. The underrepresentation of women in these roles suggests that women continue to face significant barriers to advancement to senior levels within the industry. While some regions show promising trends, the overall picture underscores the need for concerted efforts to improve gender balance in senior leadership roles. This issue is not unique to the PE/VC industry; many sectors worldwide face similar glass-ceiling challenges, where, despite achieving gender parity at junior and mid-levels, significant gaps persist at senior leadership levels.[66] As an example, Box 3 examines the situation in Brazil and how the industry is seeking to implement change and overcome some of these barriers through Projeto ONE.

BOX 3: **Projecto ONE**

Projeto ONE Helped to Bridge Gender Gaps in Brazil by Challenging Fund Managers to Develop a Robust Plan to Achieve Gender Equality

In Latin America, the representation of women in PE and VC remains disproportionately low:

- In PE, women represent 26 percent of investment staff and only 9 percent of partners
- In VC, women represent 34 percent of investment staff and only 11 percent of partners

This disparity extends to the allocation of capital, with a minimal percentage of funds being directed to companies led by women:

- In PE, only 12 percent of capital is invested in companies with women in decision-making roles
- In VC, only 16 percent of capital is invested in companies with women in decision-making roles

9% partners

26% investment staff

11% partners

34% investment staff

The underrepresentation of women in key investment roles has broader implications for the industry, potentially limiting the diversity of thought and innovation in investment decisions.

Projeto ONE, a pioneering initiative by IFC, the Brazilian Association of Private Equity and Venture Capital (ABVCAP), and the global executive search firm Heidrick & Struggles, sought to promote gender diversity within Brazil's alternative investment industry. It aimed to disseminate best practices and create opportunities for value generation in the industry, while highlighting the business case for gender diversity. The project, concluded in 2024, was designed to address the stark gender disparities in Brazil's PE and VC industries and engaged more than 20 fund managers to drive change.

The initiative's multistage strategy included data collection and analysis, capacity-building, and strategic actions. It was a collaborative effort that leveraged data-driven insights and targeted training to foster a deeper understanding of gender-smart investing, and also encouraged fund managers to enhance female participation within the industry.

> "Diversity of perspectives is fundamental to the success of investments. Female leadership is crucial in shaping a more inclusive corporate culture."
>
> – Priscila Rodrigues, Chairwoman at ABVCAP

> "Gender equality is crucial for sustainable development and is a compelling business case for shared economic prosperity. Projeto ONE was a transformative initiative in this context, showcasing the key role that the Brazilian private equity and venture capital industry can have as a catalyst for substantial and enduring change towards inclusive growth in the financial market."
>
> – Alessandra Becker Rieper, Projeto ONE lead at IFC

VINCI PARTNERS: Embedding gender strategy into investment decisions

One of the fund managers supporting the Projeto ONE initiative is Vinci Partners, an established multi-fund Brazilian fund manager. Acknowledging that change is gradual due to the industry's inherent stickiness, supported by IFC's Invest2Equal Program, Vinci has embraced the challenge of developing female talent in the industry and demonstrates how this commitment is influencing their portfolio construction. Through its active participation in Projeto ONE, Vinci promotes gender equality within Brazil's investment sector.

At Vinci Partners, gender diversity is not just a goal but a strategic imperative. The fund manager has implemented policies and training programs to encourage an inclusive culture. These initiatives are designed to address the unique challenges women may face, particularly in balancing work with family responsibilities, and to shift the mindset of senior team members towards the importance of gender balance.

> "We strive to create policies and a culture that empower both women and men. This is essential for the growth and innovation of our firm…We are a company that works with people. It's important for us."
>
> – Patricia Amorim, Vinci HR Partner

Vinci is determined that it should be a reference point on diversity and inclusion in the Brazilian asset management market, focusing on three main pillars—Walk the Talk, Development & Dialogue, and Engagement & Promotion—in order to increase the number of women joining Vinci (entry level), support those women in developing their careers and succeeding in their quest to become the future leaders of the fund manager, and put Vinci in the spotlight as a women-friendly company to work for.

> "Our goal here at Vinci is to achieve balance, not only in recruitment but also in nurturing and retaining our talent. We are committed to supporting both women and men, especially in their roles as parents, and to fostering an environment where gender diversity is valued and promoted at all levels."
>
> – Patricia Amorim, Vinci HR Partner

Vinci's pragmatic approach to gender diversity underscores the significance of valuing human elements alongside financial metrics. Vinci also demonstrates its support for companies backed by women by committing to allocate one-quarter of investments in its latest fund to companies with women in senior decision-making roles; this represents more than double the industry standard in the region.

MONASHEES+' intentional drive for gender balance

Monashees+, a VC fund manager with a presence in Brazil and Mexico, and also a supporter of Projeto ONE, has adopted a deliberate strategy to foster gender balance, challenging the traditional "business as usual" approach within its operations and investment strategies. Recognizing that passive approaches to diversity do not yield equality in senior teams, Monashees+ has embraced intentional choices to drive change from the top down.

> "Gender balance at the leadership level doesn't just naturally happen—it requires intentional action. If we're not seeing progress broadly across the industry, we can't expect it to occur organically here. We've made deliberate choices to ensure we have a diverse world-class leadership team."
>
> – Aline W. Esteves, Monashees+ partner

The firm's commitment to gender diversity is evident in its strategic decision to hire a female partner to lead its office in Mexico City. This decision was rooted in the understanding that a laissez-faire approach will not deliver equality in senior teams.

Monashees+' investment team reflects its move towards gender balance, with a mix of male and female partners, senior associates, and associates. The firm's recent promotion of six individuals to partner positions, including three (two female) in the investment team and three (also two female) in non-investment roles, further demonstrates its commitment. These new partners, now part of the fund's investment committee, bring diverse perspectives to the decision-making process, reducing potential blind spots and enhancing the firm's investment discussions.

The firm's strategy extends beyond its internal structure to its portfolio companies. Monashees+ conducts annual assessments to understand the gender composition and diversity within its portfolio companies. Monashees+ also advises portfolio companies on recruitment and diversity strategies, intentionally introducing founders to a diverse selection of candidates for C-suite positions.

> "Introducing exceptional female talent can be a game-changer for our portfolio companies. They embrace gender diversity, with this talent often taking on advisory roles or becoming integral members of the leadership team."
>
> – Aline W. Esteves, Monashees+ partner

Monashees+' efforts have led to a more diverse pipeline of portfolio companies, with female founders operating in various sectors such as fintech, health care, insurtech, and edtech. While female partners at Monashees+ do not exclusively focus on female entrepreneurs, the fund finds that female founders are more comfortable and attracted to Monashees+ because of their openness and the relatability of having female partners. This has created an environment where female founders feel more supported and understood. Looking to the future, Monashees+ plans to continue building on its current initiatives and believes that consistent focus on gender diversity efforts and close collaboration with founders will lead to a gradual, but impactful, mindset change.

2.3 Report Finding: Companies Led by Women are Underrepresented in Capital Allocation

DEFINING REPRESENTATION OF WOMEN WITHIN FUND PORTFOLIO COMPANIES

Across the 2,000+ portfolio companies of the funds included in this analysis, companies are defined as women-owned, -founded, or -led if they meet at least one of two criteria:[67]

- **Women owned or founded:** If PE-backed, the company is majority (>50 percent) owned by women; if VC-backed, the company has at least one active woman cofounder.
- **Women led:** Company CEO or equivalent is a woman; or at least 50 percent of the C-suite or equivalent decision-makers are women.

In this section, a portfolio-level view of the representation of women across portfolio companies is used, covering both the owner or founder, and extend to consider representation of women in the wider company senior leadership structures. This is done to provide a view on how funds are supporting women as overall decision-makers within companies. As with the fund-level analysis, the findings presented in this chapter reflect the aggregate level of representation across the dataset, and do not reflect the situation in individual companies.

REPRESENTATION OF WOMEN WITHIN FUND PORTFOLIO COMPANIES

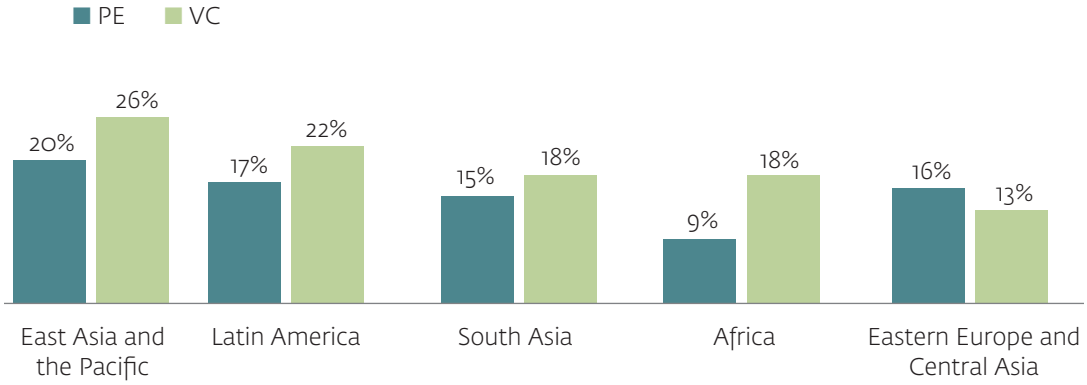
Across the 2,000+ portfolio companies covered, 19 percent are considered women-owned, -led or -founded.[68] This includes women represented in decision-making at 15 percent of companies backed by PE funds and 23 percent of companies backed by VC funds.

Companies backed by PE and VC funds show similar levels of representation of women in senior leadership, with women accounting for around 24 percent of C-suites for PE-backed companies and 20 percent for VC-backed companies. However, VC funds back women entrepreneurs at a higher rate than PE funds back women owners. A range of factors could be behind this difference; however, most likely it reflects the fact that entrepreneurs backed by VC funds are oriented toward emerging technologies with younger founding teams, whereas PE funds tend to back established companies in markets with historically low levels of women ownership. Regardless, with 19 percent of companies in the sample considered to have women in decision-making roles, these companies account for only a minority of fund investments.

Figure 9 and Figure 10 present the breakdown of these findings by region.

Additionally, an estimated 32 percent of emerging market companies include women among the principal owners, and 19 percent of emerging market companies have a woman in the senior-most management position;[69] while the comparison is not direct, these figures do indicate that PE and VC funds are generally backing companies at a rate lower than the prevailing level of women-led companies present in regions that they invest in. However, caution should be taken in drawing broad conclusions, given that the distribution of PE and VC investment is not proportional across individual emerging market countries and regions. For instance, while this comparison holds in most regions, in South Asia, a key market for emerging market PE and VC funds, PE and VC funds are investing in women-led companies at a higher rate than women-led companies are prevalent in the region.

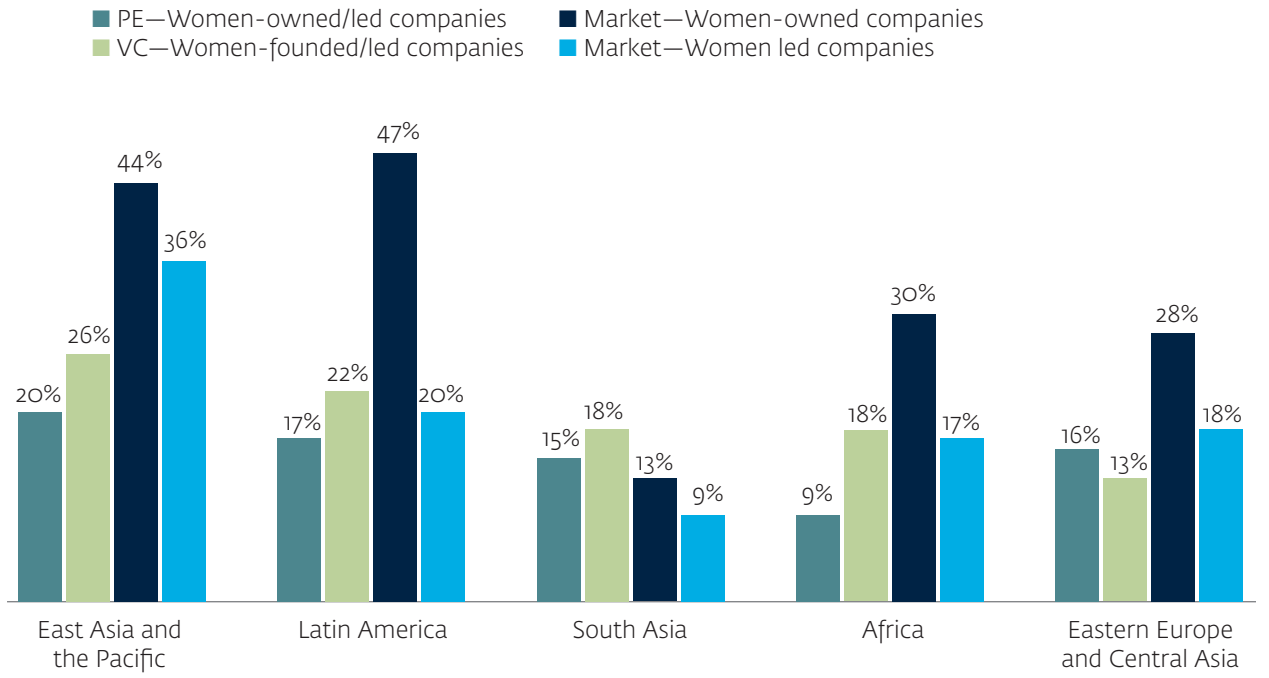
Figure 9: Share of companies with women represented in decision-making by region



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 868 PE-backed and 1,103 VC-backed investees reported data on female representation within the leadership and region. Middle East is excluded from the chart as only 11 PE-backed and 33 VC-backed companies were in the sample, which is considerably smaller than other regions. 27 PE-backed and 57 VC-backed companies are also excluded as they were supported by fund managers with a global focus. Regional breakdown is as follows: Africa: 247 PE-backed and 55 VC-backed companies, East Asia and the Pacific: 197 PE-backed and 438 VC-backed companies, Latin America: 115 PE-backed and 260 VC-backed companies, South Asia: 176 PE-backed and 163 VC-backed companies, Eastern Europe and Central Asia: 94 PE-backed and 97 VC-backed companies.

Figure 10: Benchmarking the share of women -founded, -owned, or -led companies backed by PE/VC funds against overall market-wide female company ownership (principal owner) and company leadership (CEO)

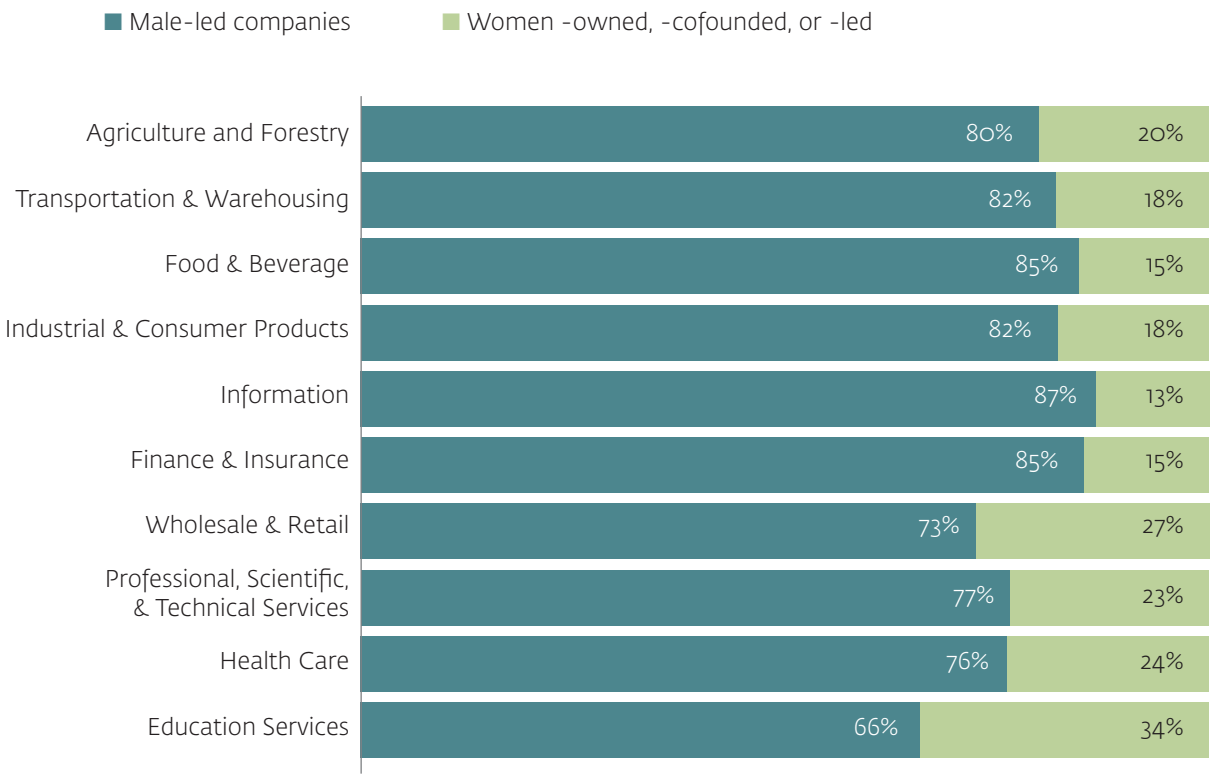


Source: IFC analysis, WBG Enterprise Surveys

In terms of sectors, women are more represented in leadership and ownership roles within education, health care, professional services, and retail than in traditionally male-dominated sectors like finance and information. Among sectors with more than 30 companies, education services has the highest share of women-owned, co-founded, or -led businesses at 33.9 percent, followed by wholesale and retail (27 percent), health care (24 percent), and professional, scientific and technical services (23 percent). In contrast, traditionally male-dominated sectors such as information (13 percent) and finance and insurance (15 percent) show lower levels of women in key management or ownership roles.

The findings also show that only 13 percent of fund capital is allocated to women-owned, -founded, or -led companies. This indicates that not only do companies with women in decision-making positions make up a minority share of a fund's portfolio (19 percent), but that when they do receive funding, they receive on average less than companies with male-dominated decision-making groups. This pattern persists across investment strategies: PE-backed companies secured 12 percent of capital invested despite representing 15 percent of all PE-backed companies; while VC-backed companies attracted 18 percent of capital despite making up 23 percent of all VC-backed companies. However, even in regions with low levels of capital allocation to women, there are examples of funds, such as India Alternatives (Box 4), that are challenging these norms.

Figure 11: Share of women-owned, -cofounded, or -led companies, by sector



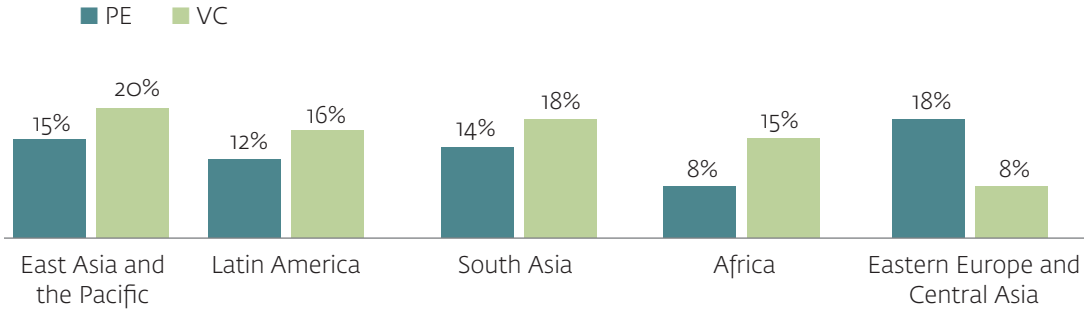
Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: Only sectors with more than 30 companies are displayed in this chart. Agriculture and Forestry (70 companies reported sector and gender data regarding ownership, founders or leadership), Transportation and Warehousing (95), Food & Beverages (118), Industrial & Consumer Products (140), Information (159), Finance & Insurance (225), Wholesale and Retail Trade (95), Professional, Scientific and Technical Services (171), Health Care (186), Education Services (62).

Figure 12 presents the breakdown of these findings by region.

The average women-owned, -founded, or -led company received $8.7 million in capital from the PE and VC funds in the sample, compared to $13.3 million for other companies—a disparity of approximately 35 percent. As per the literature on the topic, this gap may be partially explained by differences in company size, as women-owned businesses have been found to be smaller, grow more slowly and often concentrate in industries with lower profit margins like service, retail, and hospitality.[70] In the data used for this report, women-owned, -founded, or -led companies have a smaller workforce though not necessarily lower assets. The sectors in which women-owned, women-led, or women-cofounded companies operate also tend to differ from those of other firms as shown in Figure 11. Regional variations and the type of financing (VC vs. PE) can also contribute to this discrepancy. However, even after accounting for the factors listed above through regression analysis, the gender gap in financing remains both significant and substantial at 13 percent.[71] Nevertheless, there are additional factors that can influence the financing gap and that are not captured in the dataset.

Figure 12: Share of capital to companies with women represented in decision-making by region



Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Number of observations: 817 PE-backed and 1,062 VC-backed investees reported data on female representation within the leadership, capital invested by the fund manager, and region. Middle East is excluded from the chart as only 11 PE-backed and 33 VC-backed companies were in the sample. 22 PE-backed and 57 VC-backed companies are also excluded as they were supported by fund managers with a global focus. Regional breakdown is as follows: Africa: 228 PE-backed and 54 VC-backed companies, East Asia and the Pacific: 170 PE-backed and 437 VC-backed companies, Latin America: 115 PE-backed and 235 VC-backed companies, South Asia: 176 PE-backed and 149 VC-backed companies, Eastern Europe and Central Asia: 94 PE-backed and 97 VC-backed companies.

For example, women-led companies may opt for lower growth aspirations and prefer slow and steady business growth, due to different risk-aversion preferences, or may focus on smaller or more defined customer targets (for example, women), among others. Some experimental studies in the US, which are better able to isolate the effects of potential gender bias, have shown that investors are more likely to prefer entrepreneurial pitches presented by male entrepreneurs over identical pitches delivered by female entrepreneurs. This suggests that bias, whether conscious or unconscious, may play a role in shaping funding decisions.[72]

BOX 4: **India Alternatives**

Exemplifying How a Strategic Focus on Gender Balance Can Lead to Substantial Market Opportunities

With an overall female labor force participation rate of 37 percent, only 7 percent of companies with a woman as the top manager, and only 4 percent of companies with a woman among the principal owners, India has significant gender gaps in its labor market and entrepreneurial environment.

> "Women control 60 to 80 percent of all consumption decisions, making them the largest addressable market in India with a potential of more than $1.5 trillion dollars. One of the biggest disrupters in India is women entering the workforce."
>
> – Shivani Bhasin Sachdeva, Founder and CEO of India Alternatives

Yet even within this difficult environment for investing in women, opportunity exists. India Alternatives, an Indian PE fund manager, through support of IFC's Invest2Equal Program, seeks to challenge these norms by leveraging ambitious targets and networks to support women as business leaders and empower women consumers in one of the world's fastest-growing economies.

Women are central to the fund's market strategy. Since its first fund in 2013, the fund manager has consistently supported women leaders in business and firmly believes that diversity and performance go hand in hand. Recognizing the growing influence of women consumers in India's booming economy, the fund strategically invests in companies that target and empower this demographic. For instance, the number of women-led startups in direct-to-consumer segments (personal and home care; food and beverage; and fashion) grew by over 2,700 percent from 113 in 2017 to 3,644 in May 2023.

> "Fund management is about seeing all the various risks in a potential investment and being able to price them accurately; women do more research and ask more questions, making them well-suited for the private equity industry."
>
> – Shivani Bhasin Sachdeva, Founder and CEO of India Alternatives

According to Shivani, because women's participation in PE is so low, the Indian fund industry is in a strange situation where women are creating wealth, but not managing it.

In addition to being led by Shivani, India Alternatives has women in 40 percent of key roles, including positions on the board of directors, the investment team, and across operations. India Alternatives also hosts events where women entrepreneurs can deepen their connections within the broader business community, providing opportunities for knowledge sharing, collaboration, and mentorship.

India Alternatives translates its belief in gender balance into its portfolio, making a commitment that at least one-third of its portfolio companies should have women in senior leadership positions and that women should be represented on at least half of its investee companies' boards.

3
A Minority *of* PE *and* VC Funds *and* Their Underlying Portfolio Companies

Have the Critical Mass *of* Women Needed *to* Influence Decision-Making

Chapter 3 builds on the aggregate representation trends outlined in Chapter 2 and then classifies each fund and portfolio company in the dataset according to whether it meets the threshold for gender balance in senior leadership, and presents patterns and summaries based on these classifications.

3.1 Defining the Characteristics of Gender Balance in PE and VC

As presented in previous sections, gender balance is defined as having between 30 to 70 percent female representation within a group of decision-makers. This threshold is informed by four key considerations. First, it draws on the literature on "tipping points," which suggests that underrepresented groups typically need to reach a critical mass—often identified as around 30 percent—to meaningfully influence group decision-making (see Box 5 for more details).[73] To complement this lower bound, the upper limit of 70 percent ensures that the definition captures a state of balance rather than dominance by any one gender. Second, this threshold is consistent with prior research in the field,[74] including IFC's 2019 report on gender diversity in the PE/VC industry. Third, it reflects the World Bank Group's goal of accelerating gender equality,[75] recognizing that increasing female representation is a critical step toward achieving that objective. Finally, the threshold reflects the practical constraints of conducting empirical analysis in a context where female representation remains relatively low—raising the lower bound above 30 percent would significantly shrink the sample size, limiting the statistical power and robustness of the findings.

It is important to emphasize that the 30–70 percent threshold does not represent a normative benchmark for women's representation in the industry, nor does it suggest that progress below this threshold is insignificant. Rather, it is a pragmatic choice that balances precedent set by existing research and the realities of the data available, while remaining aligned with institutional goals.

In the context of PE and VC funds, gender balance is particularly important at the partner level, as this is where key investment decisions are made. The presence of women in these roles can influence the types of investments made, the support provided to portfolio companies, and the overall strategic direction of the fund. Additionally, this concept is applied to the C-suite at the company level to define gender-balanced companies, as this is the level at which company strategy and hiring decisions are made.

Box 5: Why 30 percent was selected as the threshold to identify a group as gender-balanced

The threshold of 30 percent female representation is used in industry and academic contexts as a tipping point where decision-making is influenced

The 30 percent benchmark is recognized by various organizations advocating for greater female and minority representation in senior leadership teams and corporate boards. For instance, the Thirty Percent Coalition, a US-based organization, aims for leadership and boardrooms to mirror the gender, racial, and ethnic diversity of the US workforce. Similarly, the 30% Club, originating in the UK, is comprised of business leaders, including chairpersons and CEOs, committed to increasing gender diversity at the board and senior management levels. However, some organizations have acknowledged that while 30 percent is a valuable starting point, higher targets are necessary for meaningful change. For example, 50/50 Women on Boards, a US initiative, advocates for an equal gender split on boards, while Women on Boards Australia promotes a 40 percent female target for corporate boards.

Research supports the use of 30 percent as a critical tipping point where minority perspectives are more likely to influence majority opinions, and it is often employed in studies exploring the links between gender diversity and organizational performance. Studies have demonstrated that once minority groups reach approximately 25 percent, their views are more likely to overturn those of the majority. Similarly, other threshold models and simulations related to influence tipping points show that societies can remain trapped in outdated norms even when a majority supports change, unless a critical tipping point, around 35 percent, is crossed. Additionally, a study examining the impact of ownership shares on fund performance identified the 25 to 40 percent range of "significant ownership" as a crucial threshold that influenced the results. The IFC also applied the 30 to 70 percent range in its 2019 report on gender diversity and company performance.

Source: Thirty Percent Coalition; 30% Club; 50/50 Women on Boards; Women on Boards Australia; Centola et al., 2018; Andreoni et al., 2021; Lerner et al., 2019; IFC, 2019.

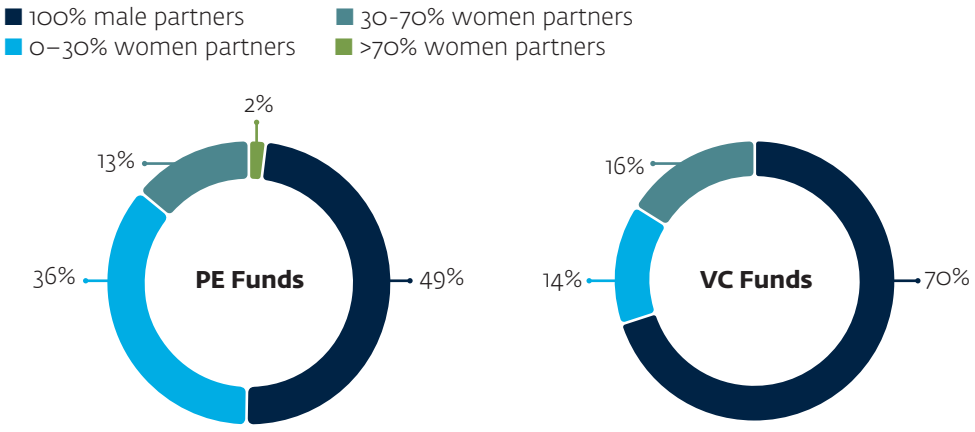
3.2 Report Finding: Few Emerging Market PE and VC Funds Exhibit Significant Women's Representation at Senior Levels, however, some Regions Indicate Brights Spots for Greater Inclusion of Women

Thirteen percent of PE funds and 16 percent of VC funds in emerging markets have gender-balanced leadership teams (see Figure 13). This broadly aligns with the industry-level female representation discussed in Chapter 2. The level of gender balance among fund leadership remains little changed compared to a previous estimate of 15 percent from 2019,[76] indicating that partnerships within the industry remain sticky across successive funds raised. Overall, gender-balanced funds comprised 14 percent of the total funds in the sample but accounted for only 13 percent of total fundraising, indicating that capital allocation to these funds is roughly in line with their market presence.

Thirty percent of PE- and VC-backed companies in the sample also have gender-balanced C-suites. This corresponds roughly to an average of two women in top leadership roles, given that the median executive team size in the sample is five. These finding show that when widening the lens to define balance as 30 to 70 percent of C-suite, compared to more than 50 percent used to define women-led companies in Chapter 2, it shows a slightly improved situation for women's representation at the company level; however at only 30 percent, gender-balanced companies that include women in decision-making roles are still the minority of PE- and VC-backed companies (see Figure 14).

A high proportion of funds remain exclusively male-led, particularly VC funds, where around 70 percent of the funds covered in the study have no female partners. The predominance of all-male partner teams,

Figure 13: Gender balance within PE and VC funds



Source: IFC analysis; Funds' Development Outcomes Database, 2023.

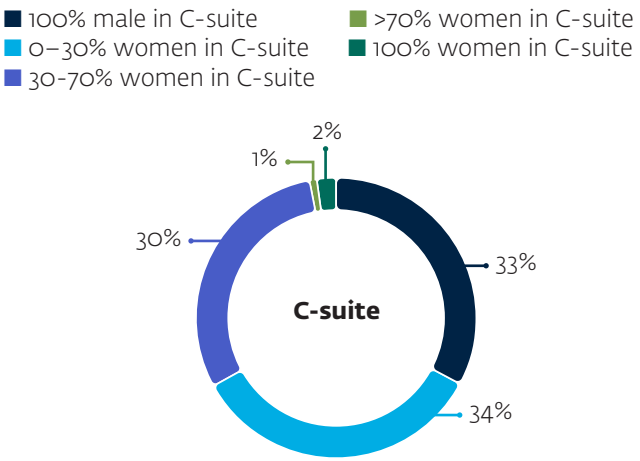
Note: In the sample, the average size of the partnership group is 8 individuals for PE funds, 4.5 individuals for VC funds, and 7 for the combined sample.

Number of observations: 159 funds reported data for partners and female partners, of which 110 are PE funds and 49 are VC funds.

particularly in VC, underscores the need for targeted initiatives to promote gender diversity at the senior-leadership level. The limited presence of women in these critical roles not only reflects broader societal and cultural barriers but also suggests potential missed opportunities for diverse perspectives in investment decisions.

On a positive note, 50 percent of the emerging market PE funds sampled now have at least one female partner. While only 13 percent of PE funds and 16 percent of VC funds are gender-balanced, PE funds are potentially showing more signs of progress than VC funds, with an additional 36 percent of PE funds showing some inclusion of women in senior leadership. While this level of representation may not yet be enough to systematically impact investment decisions, it could influence outcomes in specific cases and provides a platform to advance more women into leadership levels and achieve the desired gender balance threshold for decision-making.

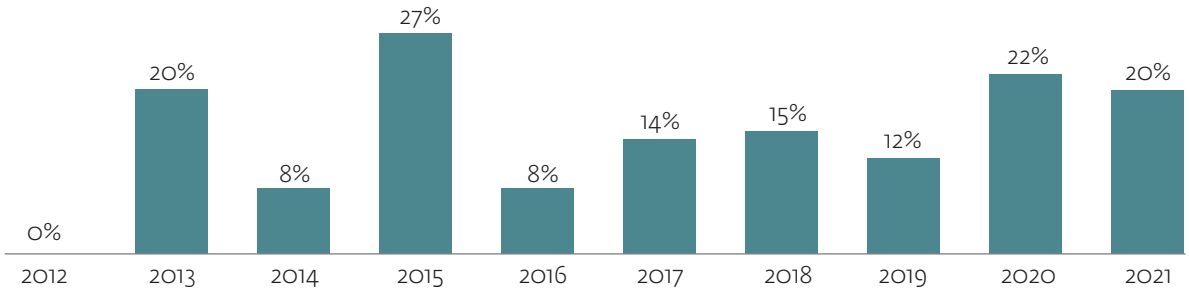
Figure 14: Women's representation in the C-suite of PE- and VC-backed companies



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 1,114 companies reported data on the composition of their C-suite.

Figure 15: Gender balance within PE and VC funds by vintage



Source: IFC analysis; IFC's Development Outcomes Database, 2023.

Note: Vintage is proxied by the first close of the fund.

Number of observations: 159 funds reported information on their first close. Vintages earlier than 2013 were excluded from the chart due to the small number of observations per year. Yearly breakdown as follows: 10 funds in 2012, 10 funds in 2013, 13 funds in 2014, 11 funds in 2015, 13 funds in 2016, 14 funds in 2017, 13 funds in 2018, 16 funds in 2019, 18 funds in 2020, and 20 funds in 2021.

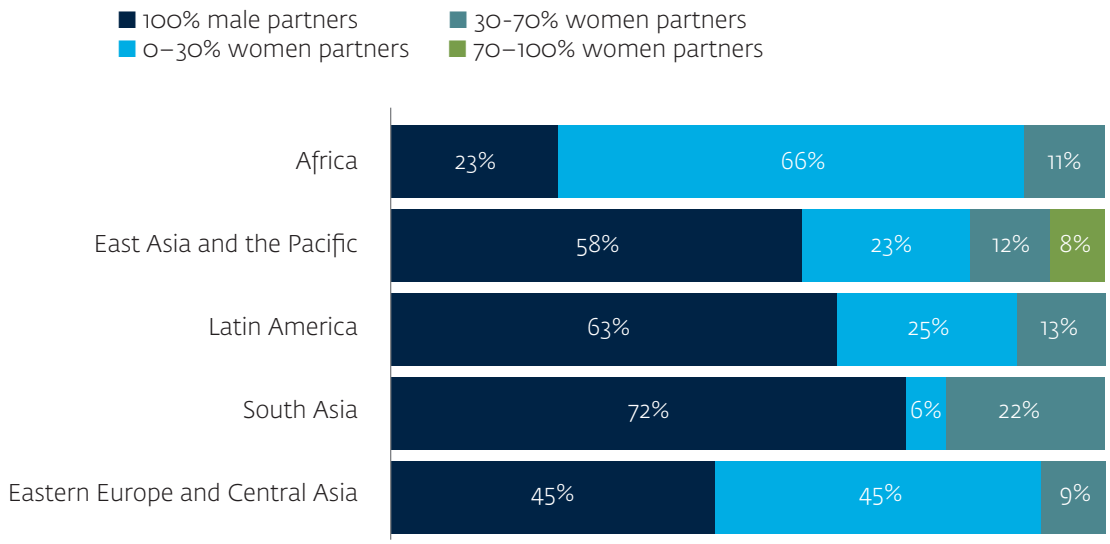
Examining the gender composition of funds also reveals that VC funds still offer a very limited pathway for progressing women. As shown in Chapter 2, at the industry level VC funds generally hold higher levels of female representation at junior to mid-levels, with representation dropping more sharply at senior levels than in PE funds. The decomposition shown in Figure 13 demonstrates why this is occurring, as it shows that women are not progressing into the senior leadership of VC funds, with only another 14 percent of funds having any level of women in their leadership ranks. This could be symptomatic of a larger-scale problem of low senior female representation in VC compared to PE, and shows that pathways for up-and-coming female investment staff remain very narrow in the VC space.

The prevalence of gender-balanced funds is notably higher among more recent vintages, signaling a positive shift in industry trends, though it remains too early to draw definitive conclusions. For funds with vintages from 2020 onward—which also have a higher number of yearly observations—the proportion of gender-balanced funds is at least 20 percent (see Figure 15). In contrast, funds from 2016–2019 vintages show a lower range, between 8 and 15 percent. However, it is worth noting that the 20 percent threshold had also been reached or exceeded in certain earlier years, such as 2013 and 2015. While shifts in senior leadership take time, if this upward trajectory continues it would suggest that the industry may see meaningful progress in gender diversity over the coming decade, with newer funds leading the way.

Figure 16 and Figure 17 present the breakdown of these findings by region.

South Asia stands out among regions for contrasting results across PE and VC, reporting a relatively high level of gender-balanced PE funds, but a relatively low level of gender-balanced VC funds. In PE, South Asia

Figure 16: Gender balance within PE fund partnerships by region



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

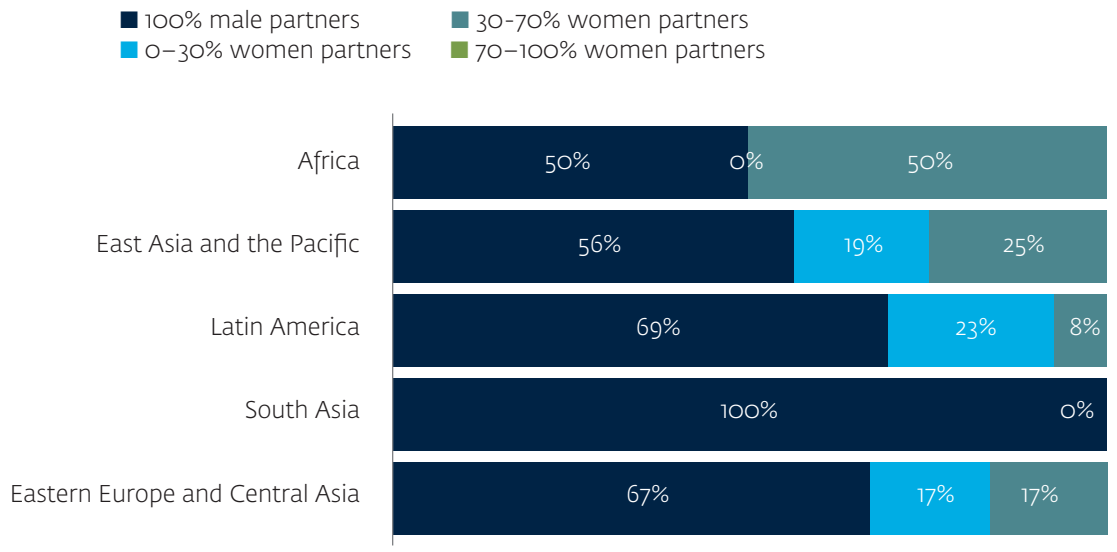
Number of observations: 110 PE funds reported data on gender composition of their partnerships and their region of operation. 2 funds with a global focus were excluded from the chart as well as 2 funds from the Middle East due to the small sample. Regional breakdown as follows: Africa: 35 funds, East Asia and the Pacific: 26 funds, Latin America: 16 funds, South Asia: 18 funds, Eastern Europe and Central Asia: 11 funds.

reports the highest proportion of gender-balanced funds at 22 percent. This is a significant result considering that India, which accounts for almost all PE/VC funds in the South Asia region, is ranked 129 out of 146 countries on the World Economic Forum's Global Gender Gap Index for 2024.[77] Conversely, South Asia also has the largest share of male-dominated funds at 72 percent. In contrast to the positive signs within the PE industry, the funds sampled in the South Asian VC industry do not report a single female partner. While there may be examples of female partners in the South Asian VC space beyond the sample, this stark contrast between female participation at senior levels in PE and VC reveals divergent paths for the region's PE and VC spaces.

One potential factor in progress on gender balance made by PE funds is the powerful role of examples and sponsorship in supporting women in the industry.[78] The Indian PE industry has some standout examples of pioneering women that actively advocate for greater female representation in PE. Through the advocacy of women such as Renuka Ramnath, founder of Multiples, and Shivani Bhasin Sachdeva, founder of India Alternatives (showcased in Box 4), the Indian PE industry has set itself apart in advancing the role of women in PE.

Across the other regions, Africa and East Asia and the Pacific stand out with 50 percent and 25 percent respectively of VC funds exhibiting gender balance. The results for East Asia and the Pacific are broadly mirrored across PE and VC and align with the more established market presence of women in leadership roles within East Asia. While the limited sample of African VC funds cautions against drawing conclusions, it is indicative of the African VC industry's openness to embracing the role of women in leadership roles. An example of this is shown in the case of Janngo (Box 6).

Figure 17: Gender balance within VC fund partnerships by region



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 49 VC funds reported data on gender composition of their partnerships and their region of operation. 2 funds with a global focus were excluded from the chart as well as 2 funds from the Middle East due to the small sample. Regional breakdown as follows: Africa: 4 funds, East Asia and the Pacific: 16 funds, Latin America: 13 funds, South Asia: 6 funds, Eastern Europe and Central Asia: 6 funds.

BOX 6: **African funds are outperforming their peers and global averages in female representation**

Africa: A Bright Spot in Gender Balance

Africa demonstrates a notably high percentage of female investment professionals in both PE and VC funds.

African VC funds are particularly leading the charge, outperforming other regions and standing out as the only segment where women outnumber men among investment staff. In addition to achieving proportional representation at the investment level, African funds also showcase strong gender diversity at senior levels, with 30 percent of fund partners being female—a figure that surpasses other regions by more than 10 percentage points.

With a young, rapidly growing population and an equally dynamic VC ecosystem, Africa is unburdened by a legacy of long-established funds. This allows emerging players to define and set new industry standards. African VC funds, by prioritizing gender balance, are leveraging this as a key competitive advantage to appeal to a younger, more diverse population of investors.

In this promising landscape, Janngo Capital stands out by ensuring gender-balanced decision-making processes and committing to allocate 50 percent of its portfolio to companies that are founded or cofounded by women, or that significantly benefit women.

Founded in Côte d'Ivoire and France in 2017 by Fatoumata Bâ, Janngo Capital is recognized as a trailblazer in Africa's VC ecosystem. Backed by prominent African and international investors, the fund has had a significant impact on the continent's startup landscape, particularly by championing women-founded businesses.

Janngo stands out not only for its gender-balanced leadership—with women holding three out of five leadership positions at the partner level—but also for its impact-driven portfolio strategy.

Janngo Capital's gender-inclusive vision is further reflected in its investment thesis, which emphasizes equal funding opportunities for male and female entrepreneurs, with measurable results.

- With Fund I, Janngo Capital invested in six women-led companies, representing 55 percent of its 11 portfolio companies;
- During the 2020 World Economic Forum in Davos, Janngo doubled down on its commitment to gender equity, announcing that up to 50 percent of investments from Fund II would target companies founded by, cofounded by, or benefiting women;
- As of today, 56 percent of its portfolio companies are women-founded, a remarkable achievement considering that in 2023, less than 3 percent of total emerging market PE/VC investments were directed to Africa, and female-led businesses accounted for less than 10 percent of that figure.

Janngo's dedication to investing in female-led companies addresses not only a critical funding gap but also fosters inclusive economic growth across Africa. Though still early in its journey, the firm is creating a roadmap for how VC can serve as a catalyst for gender equality and sustainable development.

> "Our portfolio companies are currently 56 percent women-founded and 54 percent francophone, providing strong evidence of how these technology champions can address critical market failures while creating green jobs, particularly for women and youth, in sectors such as health care, logistics, financial services, retail, food and agriculture, mobility, and the creative industry."
>
> – Fatoumata Bâ, Founder of Janngo Capital

4
Greater Representation *of* Women
in Investment Decision-Making Influences Capital Allocation *and* Organizational Outcomes

Chapter 4 builds on the analysis of women's representation in emerging market private equity (PE) and venture capital (VC) funds and their portfolio companies presented in Chapters 2 and 3. It explores how the presence of women in senior leadership roles—at both the fund and portfolio company level—correlates with a range of key outcomes. These outcomes fall into three categories: (i) women's representation in employment, (ii) access to finance for women, and (iii) financial performance and risk.

As introduced in previous chapters, there are multiple approaches to examining how women's leadership influences organizational outcomes—from assessing the impact of incremental increases, to modeling full parity, or even majority-women leadership. This report takes a deliberate analytical approach focused on studying the effects of a balanced representation between women and men in leadership teams, defined as women holding 30 to 70 percent of senior roles.

As discussed in previous chapters, this threshold reflects a combination of factors: alignment with prior research, including studies on "tipping points" for influence in decision-making; the World Bank Group's institutional goal of advancing gender equality; and the practical realities of women's representation in the industry which is generally low.

Specifically, this chapter addresses the following questions:

i. Is gender balance among a fund's leadership associated with greater gender balance among its investment staff?

ii. Is gender balance among a fund's leadership associated with higher prevalence of investments in women-owned or -founded portfolio companies?

iii. Is gender balance among a fund's leadership associated with differences in financial performance or risk outcomes?

iv. Is gender balance among a company's leadership associated with greater gender balance among its workforce?

v. Is gender balance among a company's leadership associated with differences in financial performance or risk outcomes?

It is important to note that this analysis does not encompass all potential outcomes that may be relevant to companies or funds. For instance, factors such as ESG performance, various dimensions of employment generation (including direct, indirect, and induced jobs), and other relevant outcome metrics are beyond the scope of this report due to data limitations and the defined analytical framework. These areas represent valuable opportunities for future research and expanded data collection.

The econometric methodology underpinning the analysis is summarized in Box 7 and further detailed in the Technical Appendix. This approach leverages a cross-sectional dataset of funds and their investee companies for the fiscal year 2023, employing correlation regression techniques, primarily Ordinary Least Squares (OLS) with robust standard errors.

Box 7: Summary of the econometric methodology employed in the report

The analysis leveraged descriptive statistics and regression analyses

At the fund level: The models investigate three key outcomes: (i) gender balance within investment teams; (ii) gender balance and performance, assessed by net fund IRR and total value to paid-in capital (TVPI) relative to an emerging markets benchmark; and (iii) gender balance and risk management, measured by the standard deviation of returns across the portfolio. These models used Ordinary Least Squares (OLS) regression with robust standard errors applied to the cross-sectional sample of 2023 data. Control variables included fund vintage, size (captured by employment and total capital commitments), investor base composition (measured by the share of capital from development finance institutions and institutional investors), as well as fixed effects for strategy and region.

At the portfolio company level: The models center around two outcomes: (i) gender-balanced workforce and performance, measured as compounded annual revenue growth (CAGR); and (ii) gender balance and investee valuation. Portfolio company models used OLS regression with robust standard errors over a cross-sectional sample of 2023 data. Controls included the company's size (proxied by the company's financial assets, and the number of employees); the level of influence of the fund manager in the investee company (proxied by the amount of capital invested by the fund in the company); and region and country fixed effects.

In addition, supplementary tests included: (i) sensitivity analyses using alternative definitions of gender balance, (ii) resampling tests, (iii) alternative model specifications, and (iv) panel estimations. For the first set of tests, a "less inclusive" gender balance range of 33 to 67 percent was applied, which is more restrictive than the standard 30 to 70 percent, along with a "more inclusive" range of 25 to 75 percent, to account for cases where the 30 percent threshold may be harder to achieve. In the second set, bootstrapping methods were used to address potential biases from small sample sizes. The third set involved exploring alternative functional specifications based on the distribution of the dependent variables; for binary outcomes Logit and Probit models were used, while fractional regressions were

The regression models control for several fund-level factors expected to influence the outcomes under analysis (described in (i) – (v) above), including fund age, size, investor composition, geographic focus, and strategic orientation (for example, VC versus PE). As 100 percent of the funds in our sample are generalist funds, that is, they are sector agnostic, controls for sector of the fund are not utilized.

For the investee-level analysis, the models account for factors such as company size (measured by assets and employment), sector, and the fund's level of influence in the company (proxied by the fund's capital investment and strategic focus).

Robustness tests were conducted to enhance the reliability of the findings. These tests included sensitivity analyses of gender balance definitions, adjustments for small sample sizes using bootstrapping, and the incorporation of a panel dataset spanning fiscal years 2022, 2023, and 2024. It is important to emphasize that, as an observational study,

Box 7: continued

applied when the dependent variable was a proportion, and GLM family models were used for skewed data. Lastly, the fourth set of tests involved re-estimating the core models using a panel dataset spanning the 2022–2024 period.

The methodology approach was chosen based on the research questions and the data availability. In the existing literature, there is no consensus on the empirical approach to studying how gender diversity impacts performance and other organizational outcomes within the VC and PE space. Various methodologies, including experimental and quasi-experimental studies, meta-analyses, and observational studies, have been employed, with the choice of methodology often driven by the nature of the available data and the research questions involved. In this report, an observational study best aligns with the characteristics of the dataset and the purposes of the research. Conducting experimental studies with this dataset is nearly impossible due to ethical and practical constraints, as well as the difficulty of controlling all relevant factors in the financial setting. While quasi-experimental approaches face fewer of these difficulties, they are also not implementable in this case, given the difficulties of only having three snapshot years of data.

The consideration of potential limitations in establishing causality within our observational study is essential. Reverse causality is a significant concern; for instance, women-led businesses might be more inclined to seek investments from women-led funds, thereby complicating the direction of the causal relationship. Additionally, omitted variable bias could influence our findings. Factors such as organizational policies, societal norms, or prevailing market conditions may simultaneously affect both the representation of women in business ownership and in investment funds. Selection bias is another critical issue, as funds with diverse management teams might selectively invest in enterprises that already exhibit strong performance or potential, skewing the results. Lastly, measurement error in capturing the true extent of gender diversity and its nuanced impacts on performance metrics can further complicate causal analysis. Addressing these potential issues requires careful consideration.

Further details are found in Appendix 2.

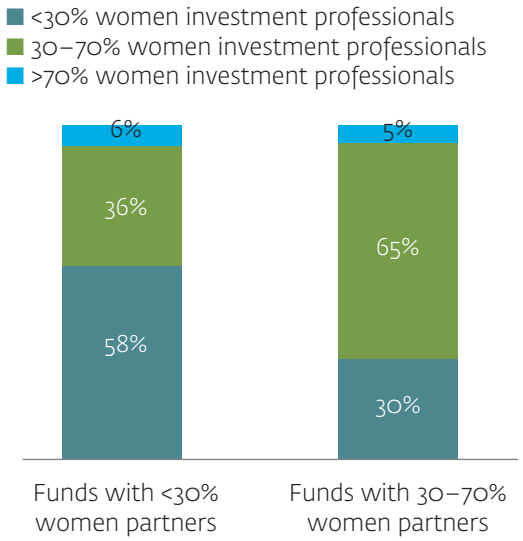
the results represent associations rather than causal relationships. Furthermore, while the dataset provides robust coverage of emerging markets (as discussed in Chapter 1), the sample sizes—particularly for VC funds—are limited. This limitation warrants cautious interpretation of findings related to VC-specific analyses.

4.1 Report Finding: Gender Balance at the Top is Associated with Gender Balance at the Bottom

Funds with gender-balanced senior leadership teams are more likely to have a gender-balanced investment team. Shown in Figure 18, this analysis finds 65 percent of funds with gender-balanced partnerships also have gender-balanced investment teams. By comparison, only 36 percent of funds without gender-balanced partnerships have gender-balanced investment teams. This suggests that funds with gender-balanced partnerships are 29 percentage points more likely to have a gender-balanced investment team. While this difference may be influenced by factors such as the fund's age, strategy, size, and type of investors, the difference is only reduced to 28 percentage points after accounting for these factors through regression analysis leveraging the 2023 dataset. Robustness checks that sensitize the definition of gender-balanced partnerships to be less inclusive (33 to 67 percent women), or more inclusive (25 to 75 percent women), or take a broader dataset from 2022–2024, broadly confirm the size of this effect (See Table 1).

The relationship between gender balance at the top and bottom levels of a fund shows that efforts to improve female representation at the partner level can lead to broader inclusivity throughout the

Figure 18: Gender composition of funds' investment staff, by partnership gender mix



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Note: the counts on investment staff do not include partners.

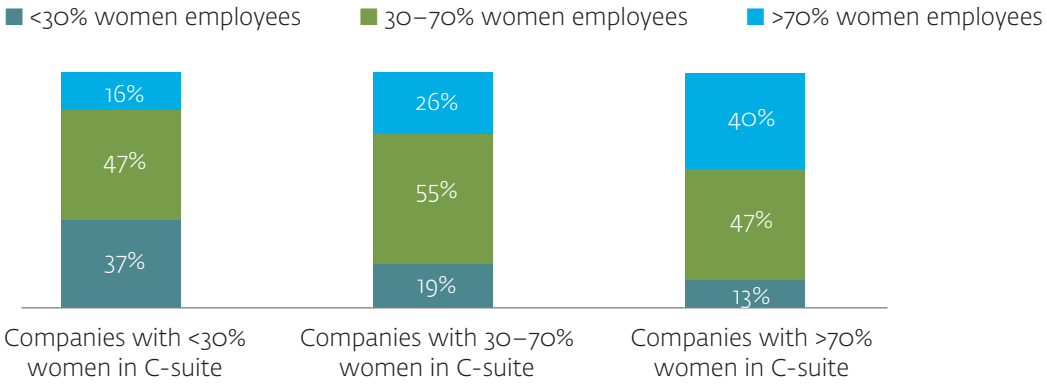
Number of observations: 146 funds reported gender data on their partnership composition and investment staff composition. Of these, 124 funds have less than 30% women partners, 20 have 30–70% women partners, and 2 have more than 70% women partners. Funds with more than 70% partners that are women are excluded from the graph above given the small sample size.

organization. This finding underscores the importance of promoting gender balance at the senior decision-making level, as it is often associated with the overall gender balance within a fund. Yet, with only 13 percent of PE funds and 16 percent of VC funds demonstrating gender balance at the partner level, sustaining momentum toward greater industrywide representation of women first requires progress towards gender balance among senior ranks of the industry. It also indicates that without intervention, funds with male-dominated leadership are significantly less likely to develop and progress pipelines of female talent through to senior ranks.

These findings follow a similar pattern at the company level, where portfolio companies with gender-balanced C-suites are also more likely to have a gender-balanced workforce. As shown in Figure 19, 55 percent of companies with a gender-balanced C-suite also have a gender-balanced workforce, compared to only 47 percent of companies where women represent less than 30 percent of the C-suite. This suggests that firms with a gender-balanced C-suite are 8 percentage points more likely to achieve workforce gender balance.

However, when controlling for factors such as company size, region, and sector through regression analysis, this effect disappears, losing both magnitude and statistical significance (see Table 2). Notably, the effect remains strong and significant when comparing the likelihood of a gender-balanced workforce against a male-dominated one (<30 percent female employees), with a positive effect of 10.4 percentage points (see Technical Appendix). Conversely, when comparing a gender-balanced workforce to a female-dominated one, the effect of a gender-balanced C-suite is negative and strongly significant at -8.7 percentage points (see Technical Appendix). As a result, these opposing effects

Figure 19: Workforce gender composition of portfolio companies, by C-suite gender composition



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Note: Employee count does not include senior leadership.

Number of observations: 1,046 companies reported the gender composition of their C-suites and the gender composition of their workforce, net of senior leadership. Of these, 689 companies have less than 30% women in the C-suite, 327 have 30–70% women in the C-suite, and 30 have more than 70% women in the C-suite.

Table 1: Regression results—effect of gender-balanced partnerships on gender balance in investment staff

Dependent variable: dummy = 1 if fund's investment staff is gender balanced

	Main Models								Robustness Models			
	No controls	+ Strategy (PE or VC)	+ Region	+ Age	+ Size (value of commitments $)	+ Size (Number of employees)	+ % of Institutional investors	+ % of DFI investors	Less Inclusive (33-67% women partners)	More inclusive (25–75% women partners)	Resampling (bootstrap – 200 iterations)	Panel Dataset (2022 – 2024)
Gender-balanced partnership	0.287**	0.286**	0.279**	0.287**	0.272**	0.262**	0.271**	0.279**	0.279**	0.301***	0.279**	0.160**
Observations	146	146	146	146	146	146	133	133	133	133	133	323

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively for the case of the Main Models. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership, which is originally set to 30–70%. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

Table 2: Regression results—effect of gender-balanced C-suite on gender-balanced workforce

Dependent variable: dummy = 1 if company's workforce is gender balanced

	Main Models							Robustness Models		
	No controls	+ Financing Stage (VC or PE	+ Region	+Sector	+ Log of Asset	+ Number of employees	+ Capital invested by fund	Resampling (bootstrap	Less inclusive (33-67% women in C-suite)	More inclusive (25– 75% women in C-suite)
Gender-balanced C-suite	0.082**	0.078**	0.049	0.023	0.013	0.016	0.02	0.02	0.023	0.019
Observations	1046	1046	1046	968	832	832	831	831	831	831

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively for the case of the Main Models. The Less and More Inclusive models sensitize the definition of a balanced partnership, which is originally set to 30–70%. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

largely offset each other, making the overall association between a gender-balanced C-suite and a gender-balanced workforce appear negligible. This pattern suggests that gender-balanced leadership teams, on average, favor female-dominated workforces over gender-balanced ones and prefer the latter over male-dominated structures. This dynamic is not observed at the fund level, likely because the share of funds with female-dominated workforces is very small.

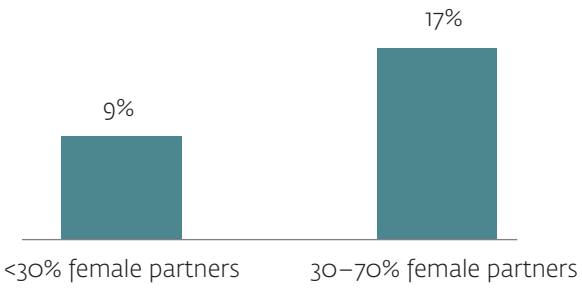
4.2 Report Finding: Gender Balance among Investment Decision-Makers is Associated with Increased Capital Allocation to Women

Women-cofounded, -owned, or -led companies remain a minority in the average fund's portfolio. Chapter 2 highlights that among the 2,000+ firms in the sample that received PE/VC financing, women-owned, -cofounded, or -led businesses constitute a small fraction. This pattern holds at the portfolio level of the average fund: in funds with at least five portfolio companies—the minimum threshold for meaningful composition analysis—only 16 percent of investees, on average, are women-cofounded, -owned, or -led. Given that the average fund in this subset holds 15 companies (10 for PE funds and 25 for VC funds), this translates to just two such companies per fund. The share drops further to 9 percent when considering only majority women-owned or -cofounded companies, excluding leadership roles.

Investment decisions tend to prioritize founders in early-stage companies and key or majority owners in later-stage companies over the broader C-suite/leadership composition. Consequently, to assess the relationship between gender balance and capital allocation, the primary hypothesis focuses on the likelihood of investing in women-owned or -founded companies.

Funds with gender-balanced senior leadership teams are more likely to invest in majority women-owned or -cofounded companies. As shown in Figure 20, funds with gender-balanced leadership allocate, on average, 17 percent of their portfolio to women-founded or -owned companies, compared to just 9 percent for funds where women make up less than 30 percent of partners. This suggests that gender-balanced funds are 8 percentage points more likely to invest in such companies. Given the average fund size of 15 investees, this translates to one additional women-

Figure 20: Average share of majority women-owned or -cofounded companies in a fund's portfolio



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 102 funds have at least 5 investees and reported data on the gender composition of their partnerships and the gender composition of their portfolio. Only two funds have more than 70% female partners and they are excluded from the graph above due to their small sample size.

Table 3: Regression results—effect of gender-balanced partnerships on capital allocation to majority women-owned or -cofounded companies (VC and PE funds combined)

Dependent variable: share of majority women-owned or -cofounded companies in a fund's portfolio

	Main Models								Robustness Models			
	No controls	**+ Strategy (PE or VC)**	**+ Region**	**+ Age**	**+ Size (value of commitments $)**	**+ Size (Number of employees)**	**+ % of Institutional investors**	**+ % of DFI investors**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender-balanced partnership	0.08	0.078*	0.086*	0.085*	0.084*	0.081*	0.088*	0.096*	0.096*	0.105***	0.096	0.063***
Observations	102	102	102	102	102	100	91	91	91	91	91	263

Table 4: Regression results—effect of gender-balanced partnerships on capital allocation to women-cofounded companies (VC funds only)

Dependent variable: share of majority women-cofounded companies in a fund's portfolio

	Main Models							Robustness Models			
	No controls	**+ Region**	**+ Age**	**+ Size (value of commitments $)**	**+ Size (Number of employees)**	**+ % of Institutional investors**	**+ % of DFI investors**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender-balanced partnership	0.120*	0.141*	0.146*	0.149*	0.145*	0.161**	0.164**	0.164**	0.201***	0.164	0.135***
Observations	44	44	44	44	42	41	41	41	41	41	102

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively for the case of the Main Models. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership, which is originally set to 30–70%. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

Table 5: Regression results—effect of balanced partnerships on capital allocation to majority women-owned companies (PE funds only)

Dependent variable: share of majority women-owned companies in a fund's portfolio

	Main Models							Robustness Models			
	No controls	**+ Region**	**+ Age**	**+ Size (value of commitments $)**	**+ Size (Number of employees)**	**+ % of Institutional investors**	**+ % of DFI investors**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender-balanced partnership	0.045	0.06	0.067	0.068	0.067	0.064	0.099*	0.099*	0.067*	0.099	0.018
Observations	58	58	58	58	58	50	50	50	50	50	161

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

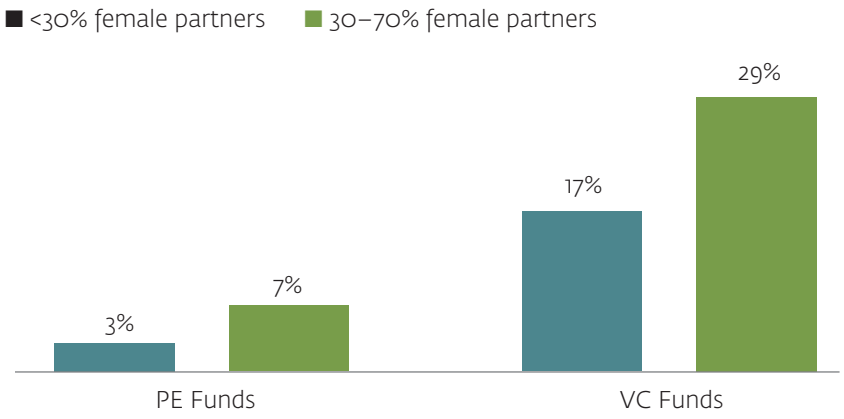
Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively for the case of the Main Models. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership, which is originally set to 30–70%. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

founded or -owned company in their portfolio compared to gender-imbalanced funds. Regression analyses in Table 3 confirm this relationship, with an effect size of approximately 10 percentage points, statistically significant even after controlling for fund characteristics. Robustness checks presented in Table 3 further validate these findings. Box 8 demonstrates one such case in AC Ventures in Indonesia, which has significant representation of women within its senior management, and is able to allocate 40 percent of its portfolio to women-owned or -led companies.

VC funds exhibit a stronger association between gender balance at the top and investment in majority women-owned or -cofounded companies. Among PE funds with more than five investees, only 13 percent of portfolio companies are majority women-owned, equating to roughly one such company per fund. In contrast, VC funds average 20 percent women-cofounded companies, translating to approximately five per fund. For both PE and VC funds, gender-balanced partnerships are more likely to invest in majority women-owned or -cofounded companies. As shown in Figure 21, the effect size for VC funds is 12 percentage points, meaning gender-balanced VC funds have over 70 percent more female cofounded companies than male-dominated funds—typically three more per portfolio. In PE funds, the effect size is 4 percentage points, equating to a 133 percent higher share of majority women-owned companies—or approximately one additional company per portfolio. After controlling for fund characteristics in the regression analysis, the effect size for VC funds increases to 16 percentage points and remains statistically significant. For PE funds, the effect size rises to approximately 10 percentage points, also remaining significant. Robustness checks largely confirm these findings for VC funds, while for PE funds, the robustness results are weaker.

The relationship between gender diversity in a fund's senior leadership and the gender composition of its portfolio suggests that the inclusion of women in investment decision-making directly influences which companies receive funding. This finding highlights how greater gender balance within funds expands their ability to identify and evaluate a more diverse range of market opportunities, ultimately unlocking the potential of women-

Figure 21: Average share of majority women-owned or -cofounded companies in a fund's portfolio, by fund type



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 102 funds have at least 5 investees and reported data on the gender composition of their partnerships and the gender composition of their portfolio. Only two funds have more than 70% female partners and are excluded from the graph above due to their small sample.

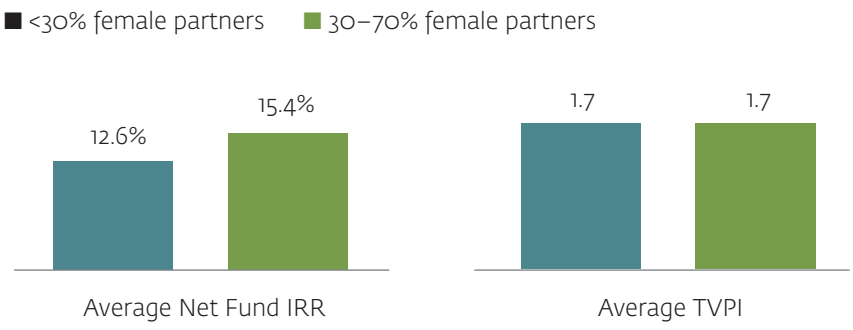
led or -cofounded companies and driving broader economic growth, particularly in emerging markets.

4.3 Report Finding: There is No Trade-Off Between Higher Female Representation and Performance/Risk Outcomes

In a context where female representation in PE/VC has remained low for decades with little change, fund managers and fund investors may be concerned that shifting towards diversity could negatively impact performance. Since the industry's inception in emerging markets in the 1990s, female participation has been minimal, with only limited progress in the past 5 to 10 years. Increasing diversity, particularly at the senior-partnership level, requires structural adjustments, including shifts in hiring strategies and operational practices. Given the industry's historical stability under a male-dominated model, some fund managers and key stakeholders may be wary of how these shifts could affect operations and performance. Moreover, as outlined in Chapter 1, existing literature on the relationship between women's representation and business outcomes remains mixed, with findings that are context-dependent.

Descriptive statistics show that for some vintages, gender-balanced funds have higher internal rates of return (net fund IRR) and total value to paid-in (TVPI)[79] multiples than male-dominated funds,[80] though the result is sensitive to the cohort analyzed. Among funds at least six years old (n=103)—when the investment period is typically complete—gender-balanced funds report a 15.4 percent net fund IRR, 2.8 percentage points higher (or 23 percent greater) than male-dominated funds, while TVPI remains similar (Figure 22). For funds aged eight years or older (n=63), when a meaningful number of exits are expected, gender-balanced funds show a 62 percent higher net fund IRR and a 6 percent increase in TVPI. Among the oldest funds (10+ years, n=39), where most investments should have been exited or written off, gender-balanced funds exhibit a 118 percent higher net fund IRR and a 19 percent higher TVPI (Table 6). However, it is important to note that the number of observations considerably drops as older cohorts are analyzed, and thus such descriptive analyses are less likely to be representative of underlying trends.

Figure 22: Average net fund IRR and TVPI by partnership diversity—funds 5+ years old



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 105 funds are at least 5 years old and reported data on the gender composition of their partnerships and performance data (Net Fund IRR and TVPI). Only two funds have more than 70% female partners and are excluded from the graph above due to their small sample.

Table 6: Average net fund IRR and TVPI by partnership diversity and fund age

	Number of funds		Average Net Fund IRR (%)			Average TVPI (multiple)		
	Male dominated	Gender balanced	Male dominated funds	Gender balanced funds	Difference	Male dominated funds	Gender balanced funds	Difference
5+ years old	91	12	12.6%	15.4%	+2.8	1.7	1.7	0
8+ years old	56	7	7.1%	11.5%	+4.4	1.6	1.7	+0.1
10+ years old	36	3	6.1%	13.3%	+7.2	1.6	1.9	+0.3

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023). Analyses for female-dominated funds are not displayed due to their small sample size (2 funds only).

Table 7: Regression results—effect of gender-balanced partnerships on performance (net fund IRR and TVPI)

Dependent Variable: Net Fund IRR

	Main Models								Robustness Models			
	No controls	+ Strategy	+ Region	+ Age	+ Size ($)	+ Size (Number)	+ % of Institutional investors	+ % of DFI investors	Less Inclusive (33-67% women)	More inclusive (25–75% women)	Resampling (bootstrap)	Panel Dataset (2022 – 2024)
Gender-balanced partnership	2.832	-3.24	-2.909	-4.12	-4.089	-3.933	-4.078	-3.466	-3.466	-2.037	-3.466	3.583
Observations	105	105	105	105	104	103	91	91	91	91	91	270

Dependent Variable: TVPI

Gender-balanced partnership	-0.001	-0.405	-0.433	-0.413	-0.415	-0.431	-0.442	-0.426	-0.426	-0.287	-0.426	0.246
Observations	105	105	105	105	104	103	91	91	91	91	91	270

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023)

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

Regression analyses find that moving towards gender balance within PE/VC funds is not associated with a deterioration in financial performance. The observed differences in performance between gender-balanced and male-dominated funds can be influenced by a range of factors beyond gender diversity. These include fund-specific characteristics such as size, strategy, and vintage, as well as broader macroeconomic conditions related to the fund's geographic focus.[81] Additionally, variations in the available sample may create apparent differences in performance that may not reflect a systematic effect across the broader universe of emerging market funds. To address these concerns, regression analysis is leveraged. Results show that for funds at least six years old, the initial effect of 2.8 percentage points shown in the descriptive statistics becomes negative (moving to -3.5) after controlling for key factors such as fund strategy, region, age, size, and investor composition[82] (see Table 7). However, this effect does not appear to be statistically significant. This was later confirmed by robustness checks which are summarized in Table 7 and detailed in the Technical Appendix. TVPI analysis yields similar results, as well as additional analyses that focus on excess net fund IRR and excess TVPI,[83] which are also presented in the Technical Appendix.

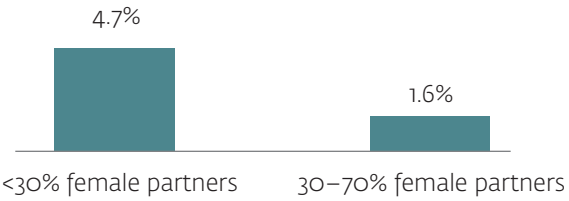
Analyses focused on the funds' investees show that gender balance in the C-suite is also not associated with a deterioration in financial performance. Analyzing the relationship between a gender-balanced C-suite and company performance—measured by CAGR and valuation—finds no associated penalties. To isolate gender-balance effects, the regression analysis controls for key factors such as company size, fund investment, geography, and sector. Similar to fund-level findings, results indicate no significant performance drawbacks from increasing gender diversity at the executive level (see Technical Appendix for details).

To conclude this section, a few caveats and considerations are outlined, as is standard practice in empirical research. Many funds in the sample are still early in their lifecycle, with PE funds averaging eight years and VC funds five years—well before the typical 10- to 12-year horizon for full return realization. As such, net IRR figures should be interpreted as provisional. Additionally, while the analysis identifies statistically significant associations between female representation and key outcomes, it does not establish causality—a widely acknowledged limitation of observational research. As gender diversity efforts across the industry advance and more data become available, particularly through IFC's ongoing tracking of gender-disaggregated indicators since 2022, these results may evolve. In the future, higher-quality data will enable more robust causal studies, including experimental evaluations of gender-focused advisory interventions.

4.4 Report Finding: Gender Balance is Associated with Improvements in Some Risk Outcomes for Fund Managers

This analysis examines whether greater gender balance at the leadership level of PE and VC funds correlates with changes in risk outcomes. Two key risk metrics are assessed. The first is the proportion of portfolio companies that have been written off, which aims to capture risk-mitigation strategies that minimize investee failures. The second metric is the dispersion of returns among investees within a fund, based on the premise that fund managers with effective risk management practices should support all investees

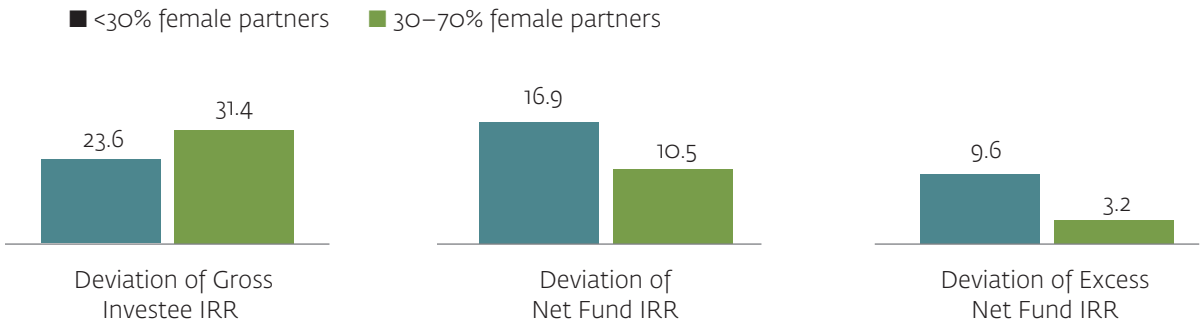
Figure 23: Average write-off rate by gender composition of the fund partnership



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 93 funds are at least 5 years old, have more than 5 investees, and reported data on the gender composition of their partnerships and investee status. Only two funds have more than 70% female partners and are excluded from the graph above due to their small sample size.

Figure 24: Standard deviation of investee and fund IRR by partnership composition



Source: IFC analysis; IFC's Funds Development Outcomes Database, 2023.

Number of observations: 87 funds are at least 5 years old, have more than 5 investees, and reported on the gender composition of their partnerships and Gross Investee IRR. Only two funds have more than 70% female partners and are excluded from the graph above due to their small sample size. 118 funds are at least 5 years old and reported Net Fund IRR. Only two funds have more than 70% female partners and are excluded from the graph above due to their small sample.

Notes: Excess Net Fund IRR is computed by subtracting the median fund benchmark IRR from each fund's IRR. The benchmark is constructed leveraging over 600 funds from IFC's administrative financial database and is specific for every vintage and region.

Table 8: Regression results—effect of gender-balanced partnerships on write-off rates

Dependent variable: share of written-off companies in the fund's portfolio

	Main Models								Robustness Models			
	No controls	+ Strategy	+ Region	+ Age	+ Size ($)	+ Size (Number)	+ % of Institutional investors	+ % of DFI investors	Less Inclusive (33-67% women)	More inclusive (25–75% women)	Resampling (bootstrap)	Panel Dataset (2022 – 2024)
Gender-balanced partnership	-3.022**	-4.296***	-5.251***	-4.813**	-4.716**	-4.805**	-4.250**	-4.424**	-4.424**	-1.562	-4.424**	-0.471
Observations	93	93	93	93	92	91	79	79	79	79	79	258

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix.

Table 9: Regression results—effect of gender-balanced partnership on investee performance variability

Dependent variable: share of written-off companies in the fund's portfolio

	Main Models								Robustness Models			
	No controls	+ Strategy	+ Region	+ Age	+ Size ($)	+ Size (Number)	+ % of Institutional investors	+ % of DFI investors	Less Inclusive (33-67% women)	More inclusive (25–75% women)	Resampling (bootstrap)	Panel Dataset (2022 – 2024)
Gender-balanced partnership	-0.078	-0.043	0.044	0.029	0.031	0.029	0.035	0.028	0.028	0.052	0.028	-1.361
Observations	87	87	87	87	86	85	76	76	76	76	76	245

Source: IFC analysis, IFC's Funds Development Outcomes Database (2023).

Notes: All models are estimated using ordinary least squares (OLS) with robust standard errors. Statistical significance is denoted as follows: *** p < 0.01, ** p < 0.05, * p < 0.10. Controls are added progressively. Controls for size include total commitments and number of employees. The Less and More Inclusive models sensitize the definition of a balanced partnership. The Resampling model uses bootstrapping with 200 repetitions. For more details on the methodology and regression results, please refer to the Technical Appendix. The robustness checks presented above are not exhaustive; additional alternative specifications are detailed in the Technical Appendix

in a manner that reduces performance variability across the fund's portfolio. In addition to these two metrics, the dispersion in fund returns (measured by net fund IRR and excess net fund IRR) between gender-balanced and male-dominated funds was also examined as a complementary metric.

Funds with gender-balanced senior leadership teams experience lower write-off rates in their portfolios, with over a threefold difference compared to male-dominated funds. The write-off analysis focuses on funds that are at least six years old and report a minimum of five investees, ensuring alignment with the performance analysis while mitigating distortions from young funds with limited numbers of reported investees. Gender-balanced funds exhibit an average write-off rate of 1.6 percent, compared to 4.7 percent for male-dominated funds—a threefold difference (Figure 23). Regression analysis (Table 8) shows that the effect grows from three percentage points to over four percentage points after the inclusion of controls. In addition, it confirms that the effect is statistically significant after controlling for fund strategy (PE or VC), region, age, size, and the composition of institutional investors. However, not all robustness checks, including estimations using the panel dataset (Table 8), fully support this result. While these findings suggest that gender balance in fund leadership is associated with lower investee failure rates compared to male-dominated teams, the strength of this association varies across analytical approaches.

Gender balance in fund leadership is not associated with a deterioration in other risk outcomes examined. For the case of the dispersion of returns within a fund's portfolio, gender-balanced funds exhibit a slightly higher standard deviation in the gross investee IRR (31.4 vs. 23.6) (Figure 24), but regression analysis confirms this difference is not significant (Table 9). The analysis of fund-level return dispersion shows that gender-balanced funds show a lower standard deviation in net fund IRR (10.5 vs. 16.9) and excess returns (40 percent lower), suggesting less deviation from the average fund performance in the sample. However, statistical tests indicate these differences are not meaningful (Table 9).

The analysis of risk outcomes was also performed at the investee level and also shows that moving towards gender-balanced C-suites is not associated with a deterioration in risk metrics for these companies. Net debt relative to EBITDA and revenue relative to EBITDA[84] were used as risk outcomes to gauge financial stability and cost management. As with the case of funds, to attempt to isolate the effect of gender balance on risk outcomes, several controls are included, which are the same as those included for the performance analysis. The results show gender balance is not associated with worsened risk outcomes (see Technical Appendix).

BOX 8: **AC Ventures**

AC Ventures: Leading by example

AC Ventures, an Indonesia-based VC fund manager, has demonstrated a strong commitment to gender balance and inclusivity, both within its own ranks and across its investment portfolio. AC Ventures' strategic focus on female tech founders and high-potential women entrepreneurs is driven by the recognition that women own more than half of the micro, small, and medium-sized enterprises (MSMEs) in Indonesia, which account for over 60 percent of the country's GDP.

Since its inception in 2015, AC Ventures has invested approximately $200 million in 100 startups. Fund III, launched in 2020, has made 38 investments and about 90 percent of these companies have secured follow-on funding from third parties, amounting to 6.5 times the total capital invested by AC Ventures.

> "Investing in women-led businesses is not only promoting gender balance, it is also economically astute. We are able to capture opportunities in products and services targeted at women through our investments, and we also promote gender diversity within our firm as well."
>
> – Helen Wong, Managing Partner at AC Ventures

AC Ventures attributes its success to the development of clear indicators and targets for women's representation, both internally and within its portfolio companies. Supported by IFC's Invest2Equal Program, the fund manager employs a variety of gender-lens investing strategies, such as integrating diversity factors into due diligence and prioritizing potential investees with women in leadership roles. AC Ventures also conducts workshops for portfolio companies on the advantages of gender diversity and assists them in developing gender action plans with clear, time-bound targets and implementation mechanisms.

> "By leveraging gender diversity as a differentiator, we have secured a competitive advantage. We have been able to attract more capital and strengthen our access to top female founders."
>
> – Helen Wong, Managing Partner at AC Ventures

At AC Ventures, women constitute 50 percent of senior leadership and 65 percent of the overall workforce, significantly outpacing industry norms, where investment teams are predominantly male. AC Ventures has also built a portfolio where 40 percent of companies are founded or led by women.

AC Ventures advises other fund managers to set quantifiable targets for gender representation, apply gender metrics throughout the investment process, and provide ongoing training and transparency. By doing so, AC Ventures not only champions female economic empowerment in Indonesia but also achieves sustainable growth and returns for its investors, proving that gender equity and business success go hand in hand.

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Appendix 1

About *the* Data

Figure 25: Country classification used in the report

East Asia & Pacific	Eastern Europe & Central Asia	Latin America	South Asia	Africa		Middle East
Cambodia	Albania	Argentina	Afghanistan	Algeria	Madagascar	Iran, Islamic Rep.
China	Armenia	Belize	Bangladesh	Angola	MalawiMali	Iraq
Indonesia	Azerbaijan	Bolivia	Bhutan	Benin	Mauritania	Jordan
Lao PDR	Belarus	Brazil	India	Botswana	Mauritius	Lebanon
Malaysia	Bosnia and Herzegovina	Chile	Maldives	Burkina Faso	Morocco	Syria
Mongolia	Bulgaria	Colombia	Nepal	Burundi	Mozambique	West Bank and Gaza
Myanmar	Croatia	Costa Rica	Pakistan	Cabo Verde	Namibia	Yemen
Papua New Guinea	Georgia	Dominican Republic	Sri Lanka	Cameroon	Niger	
Philippines	Kazakhstan	Ecuador		Central African Republic	Nigeria	
Thailand	Kosovo	El Salvador		Chad	Rwanda	
Tonga	Kyrgyz Republic	Grenada		Comoros	Senegal	
Viet Nam	Moldova	Guatemala		Cong. Dem. Rep.	Seychelles	
	Montenegro	Guyana		Côte d'Ivoire	Sierra Leone	
	North Macedonia	Haiti		Djibouti	Somalia	
	Poland	Honduras		Egypt, Arab Rep.	South africa	
	Romania	Jamaica		Eswatini	Sudan	
	Russian Federation	Mexico		Ethiopia	Tanzania	
	Serbia	Nicaragua		Gabon	Togo	
	Tajikistan	Panama		Ghana		
	Türkiye	Paraguay		Guinea		
	Ukraine	Peru		Kenya		
	Uzbekistan	Trinidad and Tobago		Lesotho		
		Uruguay		Liberia		
		Venezuela, RB		Libya		

Figure 26: Number of funds in each region

	PE	VC	Total
East Asia and the Pacific	27	16	43
Latin America and the Caribbean	17	13	30
South Asia	24	6	30
Africa	38	4	42
Eastern Europe and Central Asia	13	6	19
Middle East	2	2	4
World	2	2	4
Total	**123**	**49**	**172**

"World" funds are funds with global emerging markets strategy. They are included in the analysis, but are not shown in chapter results for presentation purposes.

Figure 27: Number of companies in each region

	PE	VC	Total
East Asia and the Pacific	242	541	783
Latin America and the Caribbean	119	262	381
South Asia	195	165	360
Africa	255	55	310
Eastern Europe and Central Asia	97	97	194
Middle East	11	33	44
World	27	57	84
Total	**946**	**1,210**	**2,156**

"World" companies are companies with global emerging markets strategy. They are included in the analysis, but are not shown in chapter results for presentation purposes.

Figure 28: Number of companies by sector

	PE	VC	Total
A - Agriculture & Forestry	33	39	72
B - Oil, Gas & Mining	12	1	13
C - Utilities	8	6	14
D - Construction & Real Estate	17	21	38
E - Transportation & Warehousing	42	41	83
F - Food & Beverages	92	32	124
G - Chemicals	10	2	12
H - Nonmetallic Mineral Product Manufacturing	2	0	2
I - Primary Metals	1	1	2
J - Pulp & Paper	8	1	9
K - Textiles, Apparel & Leather	16	4	20
L - Plastics & Rubber	12	0	12
M - Industrial & Consumer Products	73	101	174
N - Information	63	137	200
O - Finance & Insurance	103	132	235
P - Collective Investment Vehicles	0	3	3
Q - Wholesale & Retail Trade	64	35	99
R - Professional, Scientific & Technical Services	29	149	178
S - Health Care	110	102	212
T - Education Services	39	35	74
U - Accommodation & Tourism Services	11	10	21
V - Electric Power	9	5	14
W - Public Administration	0	0	0
X - Other	110	171	281
Unknown	82	182	264
Total	**946**	**1,210**	**2,156**

"Unknown" companies are companies that did not report sector of operations.

Appendix 2

Econometric Methodology *and* Technical Documentation

DATA OVERVIEW AND SOURCES

The report leverages two primary data sources to provide a comprehensive analysis of private equity (PE) and venture capital (VC) funds within the IFC portfolio:

- *IFC Quarterly Financial Report:* This source provides key financial performance metrics and main characteristics of the funds. The data includes net fund internal rate of return (IRR) and total value to paid-in capital (TVPI), region of operation, strategy (private equity or venture capital), vintage year, total commitments, and limited partner composition by type (for example, percentage of commitments from institutions versus high-net-worth individuals).
- *Annual Development Outcomes Data:* Since 2022, IFC has expanded its data collection to include a broader range of development outcomes from the funds and their investee companies. At the fund level, this data includes the composition of limited partners, the number of investment professionals, partners, and investment committee members, all with a gender breakdown. At the investee level, it covers sector of operation, investment dates, capital invested, revenues, total assets, EBITDA, net debt, and employment figures, all disaggregated by gender. Additional variables include the gender composition of the C-suite, the gender of the CEO, the number of founders by gender (for VC funds), and the ownership structure by gender (for PE funds).

The primary analysis is based on the 2023 sample, which merges the four sources: the development outcomes data, the financial data collected quarterly, and the secondary datasets from UNDP and the World Bank. This 2023 sample offers the most complete and reliable dataset. The 2022 data, being the inaugural year of collection, is less comprehensive, and the 2024 data is still undergoing validation. However, the broader 2022–2024 sample is used with caution for robustness checks to ensure consistency across multiple years.

MODELING GENDER DIVERSITY

This research on gender balance in PE and VC is framed in two layers: the fund layer and the portfolio company layer. For both layers, the study explores whether diversity within senior leadership is correlated with diversity at the bottom layers (investment professionals for funds and employees for portfolio companies) and financial

performance (proxied by net fund IRR and TVPI for funds, and revenues and valuation for portfolio companies). Additionally, the study investigates whether diversity in one layer affects the other, such as whether low diversity among senior investment professionals within a fund correlates with a less diverse portfolio.

The definitions employed for the concept of gender balance are explained in the main body of the report.

MODELING FINANCIAL PERFORMANCE

The study utilizes a range of performance metrics to capture different aspects of financial success and returns. For funds, three primary measures of performance are considered: the net fund IRR, the TVPI, and excess returns over a benchmark. These metrics provide a comprehensive view of a fund's efficiency, profitability, and relative performance.

The net fund IRR measures the annualized return on invested capital. This metric accounts for the timing of cash flows and the compounding effect of reinvested profits. It is crucial for understanding the efficiency and profitability of a fund's investment strategy, net of fees and carried interest. By considering the net IRR, investors can gauge how well the fund is performing in terms of generating returns on the capital invested. Studies have used similar metrics to analyze fund performance in PE[85] and VC[86] funds.

The TVPI represents the multiple of invested capital that a fund has returned to its investors. This metric includes both realized and unrealized returns, providing a comprehensive view of the fund's overall performance and value creation over time. TVPI is essential for assessing the total value generated by the fund relative to the capital invested by its investors.

Excess returns over a benchmark assess relative performance by comparing a fund's net IRR and TVPI to a benchmark. This benchmark is adjusted for the fund's vintage year and investment strategy (for example, Venture Capital, Growth Equity) using data from Cambridge Associates. Excess returns provide insight into how well a fund performs relative to its peers and market standards. By analyzing excess returns, investors can determine whether a fund is outperforming or underperforming compared to similar funds in the market. IFC's report highlights the importance of measuring fund performance relative to a benchmark, considering factors like vintage, geography, and strategy.[87]

A fund's financial performance regressions analyze its excess returns with regard to both net IRR and TVPI. This analysis helps in understanding the factors that drive excess returns and the overall financial performance of the fund. By examining these regressions, investors can identify key determinants of success and areas for improvement.

For investees, the study analyzes two key performance indicators available in the dataset: the revenue compound annual growth rate (CAGR) and the investee valuation. These indicators provide insights into the growth and market value of the investee companies.

The revenue CAGR measures the annualized growth rate over the fund's holding period. This metric strongly indicates the company's ability to expand its market presence and scale its operations effectively. By analyzing the revenue CAGR, investors can assess the growth trajectory and potential of the investee companies.

The investee valuation is a direct measure of investee market value and potential for future growth. This metric reflects investor perceptions and confidence in the company's business model, competitive position, and overall prospects. By considering the investee valuation, investors can gauge the market's view of the company's potential and its attractiveness as an investment.

MODELING RISK MANAGEMENT

Gender balance in leadership can contribute to improved risk management practices. The literature suggests that gender balance in leadership can lead to more responsible decision-making. While some studies argue that better risk management leads to better long-term financial outcomes, this link is not as strongly supported by established evidence.

Risk at the fund level is measured using the standard deviation of the investee gross IRR per fund. This metric captures the variability in returns, providing insight into the stability and consistency of a fund's performance. Analyzing the standard deviation helps assess how gender diversity in leadership impacts a fund's risk profile and return variability.

Risk at the investee level is measured using the variability of debt and revenues. Specifically, the metrics used are the debt divided by EBITDA and revenue divided by EBITDA. These measures help demonstrate how gender diversity in leadership influences the financial stability and risk management practices of portfolio companies. These metrics are used to examine whether gender balance within a leadership team results in reduced risk-taking and more stable long-term returns.

CONTROL VARIABLES

The study includes a comprehensive set of control variables to account for other factors that could influence the organizational scheme and performance outcomes of both funds and their investees. Given the lack of empirical consensus on the determinants of organizational outcomes due to company heterogeneity, it is essential to consider a broad range of factors. Drawing from the literature,[88] four groups are considered to better isolate the effects of specific determinants on performance and diversity, leading to more accurate and insightful analysis: industry characteristics, competitive positioning, and the quantity and quality of financial, human, and physical resources.

For the fund analysis, control variables related to fund size, resources, experience, maturity, and investor composition and influence are considered. These variables are crucial as they reflect the internal and external factors that can impact a fund's performance and diversity outcomes. These variables are aligned with the groups of determinants from the literature.

Industry characteristics: This group includes variables that capture the broader industry context in which the fund operates.

- *Fund size:* Larger funds may have more resources to support diverse hiring and investment practices.
- *Number of fund employees:* The size of the fund's workforce could impact its ability to manage diverse portfolios and implement inclusive policies.

Competitive positioning: This group includes variables that reflect a fund's position relative to its competitors.

- *Age of funds:* Older funds might have more established networks and experience, which could affect both performance and diversity. This variable provides insight into a fund's maturity and historical context, reflecting its competitive positioning.
- *Share of institutional investors:* The level of influence and stability provided by institutional investors can affect a fund's strategic decisions, including diversity initiatives. Institutional investors often bring a level of scrutiny and governance that can shape a fund's policies and practices, highlighting the importance of external financial resources.

Quantity and quality of resources: This group includes variables that capture the financial, human, and physical resources available to a fund.

- *Share of DFIs capital commitments in the fund's LP base:* DFIs often advocate for higher governance standards and social impact, which could influence a fund's commitment to gender diversity. DFIs typically emphasize sustainable and inclusive growth, which can drive diversity efforts within a

fund, aligning with the literature on the role of external influences.

For the investee-level analysis, control variables broadly cover investee size and capacity, and investment support and influence from the fund manager. These variables help explain how the characteristics and resources of investee companies impact their performance and diversity outcomes. These variables are aligned with the groups of determinants from the literature.

- *Investee assets:* This variable provides a measure of the investee companies' size and financial strength, which can influence their ability to implement diverse hiring and leadership practices. Larger asset bases may enable more robust diversity initiatives, reflecting the importance of financial resources.
- *Number of investee employees:* The operational scale and capacity of the company potentially impacts its workforce diversity. A larger number of employees may indicate a greater capacity to implement and sustain diverse practices.
- *Fund capital invested:* This variable captures the amount of capital that a fund has invested in the company. A higher level of investment may provide more support for diversity initiatives and influence a company's leadership practices. This variable highlights the financial backing and its potential impact on organizational outcomes, aligning with the literature on the importance of investment support.

FUND CASE METHODOLOGY

To study the relationship between gender-diverse senior leadership and a gender-balanced workforce, the following equation is used:

$$\mathrm{GB\_IOs}_i=\beta_0+\beta_1\mathrm{GB\_PI}_i+\beta_2\mathrm{FD\_PI}_i+\beta_3\mathrm{Age}_i+\beta_4\,\mathrm{Size}_i+\beta_5\mathrm{Employ}_i+\beta_6\mathrm{SSI}_i+\beta_7\mathrm{SDFI}_i+\delta_{s(i)}+\lambda_{r(i)}+\epsilon_i$$

$\mathrm{GB\_IOs}_i$ is a dummy variable taking value 1 if the percentage of women investment staff is between 30 and 70 percent or 0 otherwise for fund *i*; $\mathrm{GB\_PI}_i$ dummy variable for gender-balanced partners; $\mathrm{FD\_PI}_i$ dummy variable for female-dominated partners;[89] Age_i the fund age; $Size_i$ the fund size; $Employ_i$ the number of fund employees; SSI_i the share of institutional investors; $SDFI_i$ the share of DFI investors; $\delta_{s(i)}$ the strategy fixed effects; and $\lambda_{r(i)}$ the region fixed effects.[90]

To study the relationship between gender-diverse senior leadership and gender inclusion in capital allocation, the following equation is leveraged:

$$\mathrm{GI\_PO}_i=\beta_0+\beta_1\mathrm{GB\_PI}_i+\beta_2\mathrm{FD\_PI}_i+\beta_3\mathrm{Age}_i+\beta_4\mathrm{Size}_i+\beta_5\mathrm{Employ}_i+\beta_6\mathrm{SSI}_i+\beta_7\mathrm{SDFI}_i+\delta_{s(i)}+\lambda_{r(i)}+\epsilon_i$$

where $\mathrm{GI\_PO}_i$ represents the share of companies in the portfolio that are either co-founded or majority-owned by women.

The relationship between gender-diverse senior leadership and financial performance is detailed in the following equation:

$$\mathrm{Pfm}_i=\beta_0+\beta_1\mathrm{GB\_PI}_i+\beta_2\mathrm{FD\_PI}_i+\beta_3\mathrm{Age}_i+\beta_4\mathrm{Size}_i+\beta_5\mathrm{Employ}_i+\beta_6\mathrm{SSI}_i+\beta_7\mathrm{SDFI}_i+\delta_{s(i)}+\lambda_{r(i)}+\epsilon_i$$

where Pfm_i measures the financial performance of the fund i according to the metrics discussed in the previous sections.

INVESTEE CASE METHODOLOGY

The relationship between gender-diverse senior leadership and gender-balanced workforce is detailed in the following equation:

$$\mathrm{GB\_Employ}_i=\beta_0+\beta_1\mathrm{GB\_Snr}_i+\beta_2\mathrm{FD\_Snr}_i+\beta_3\mathrm{Assets}_i+\beta_4\mathrm{Employ}_i+\beta_5\mathrm{KI}_i+\delta_{s(i)}+\lambda_{r(i)}+\theta_{c(i)}+\epsilon_i$$

where $\mathrm{GB\_Employ}_i$ is a dummy variable taking value 1 if the percentage of women in the workforce is between 30 and 70 percent or 0 otherwise for investee i; $\mathrm{GB\_Snr}_i$ dummy variable for gender-balanced within the C-suite; $\mathrm{FD\_Snr}_i$ dummy variable for female-dominated within the C-suite[91];

Assets_i the investee's financial assets; Employ_i the number of investee employees; KI_i the amount of capital invested by the fund in the investee; and $\theta_{c(i)}$ the sector fixed effects.

The relationship between gender-diverse senior leadership and financial performance is detailed in the following equation:

$$\text{Pfm}_i = \beta_0 + \beta_1 \text{GB\_Snr}_i + \beta_2 \text{FD\_Snr}_i + \beta_3 \text{Assets}_i + \beta_4 \text{Employ}_i + \beta_5 \text{KI}_i + \delta_{s(i)} + \lambda_{r(i)} + \theta_{c(i)} + \epsilon_i$$

where Pfm_i is capturing the set of financial performance discussed in the previous section for the investee analysis.

ESTIMATION AND ROBUSTNESS APPROACHES

This section delves into a comprehensive discussion of the quantitative estimation of referenced equations using Ordinary Least Squares (OLS).

The OLS approach, while not the most cutting-edge, is the most appropriate for the research question and dataset. Although methods like Difference-in-Differences (DiD) or Regression Discontinuity Design (RDD) are generally preferred for their clearer causal interpretations, the nature of the dataset and research question makes the OLS approach the most suitable. The observational nature of the dataset and the opportunistic investment approach of IFC make experimental or quasi-experimental designs impractical. The OLS method provides a solid foundation for the analysis. To address potential endogeneity concerns, it has been supplemented with an IV approach. The instruments used in the IV analysis meet the relevance and validity criteria, ensuring robust results, as detailed in the subsequent sections. Recent studies[92] have effectively employed IV approaches to explore similar topics, demonstrating their continued relevance in finance research.

To ensure the validity of the core findings on gender disparities and their implications for capital allocation and financial performance, a series of supplementary robustness tests were conducted. These tests included alternative resampling methods, model specifications, sensitivity analysis, and bootstrap exercises. The goal was to assess the stability of the results across different methodologies and assumptions. The results of these additional exercises are available upon request.

The stability of the findings across different definitions of gender diversity was tested through sensitivity analysis. Alternative diversity thresholds were applied: a "less inclusive" range of 33–67 percent and a "more inclusive" range of 25–75 percent. These ranges helped identify potential tipping points at lower levels of gender balance. The results remained broadly consistent across these different ranges, indicating that the relationship between gender diversity and the outcomes is stable across various definitions.

Given the small sample sizes and distributional considerations, a bootstrap exercise was conducted to provide more robust standard error estimates and confidence intervals. This involved resampling (with replacement) from the observed data to create many "pseudo samples." Using 200 replications, the bootstrap provided more accurate estimates of standard errors, confidence intervals, and significance levels. The bootstrapped intervals supported the primary findings, confirming robustness even with small sample biases and distributional irregularities.

OLS estimates may be biased due to the specific distribution of the outcomes and potential endogeneity issues. Since the gender-balanced workforce variable is binary, Logit and Probit estimators were used to model the probability of events occurring, ensuring predicted probabilities are bounded and addressing non-linear relationships between predictors and binary outcomes. For the gender-inclusive portfolio variable, which is now a share (fraction), fractional regression Logit and Probit models were used. These models provided more appropriate error structures, improving estimation efficiency and reducing bias.

For performance and risk management outcomes, a gamma-log generalized linear model (GLM) was considered to address skewed data distributions. The GLM used the gamma distribution and a log link function to linearize the relationship between predictors and the transformed outcome, providing better-fitting estimates and reducing bias.

Instrumental variables (IV) estimation was used to address potential endogeneity issues. For cross-sectional analysis, the UN Gender Development Index (GDI) and average fertility rate were used as instruments. For panel data tests, explained in the next section, first-lagged values of explanatory variables were used as instruments. These methods allowed for consistent estimation of effects by breaking the correlation between explanatory variables and error terms. The results remained broadly consistent with the core estimations, confirming robustness across models accounting for heterogeneity, endogeneity, and distributional characteristics.

The analysis was also replicated using a three-year panel dataset to control for unobserved heterogeneity. This was done at the fund level, covering the timeframe from 2022 to 2024. Panel data allowed for the capture of fund-specific characteristics constant over time, reducing the risk of omitted variable bias and improving the robustness of the results.

Both fixed and random effects models were implemented, and the Hausman test was conducted to determine the optimal specification. Random effects were selected for gender outcomes, and fixed effects for financial and risk management outcomes. The results were generally consistent with the cross-sectional findings, underscoring the robustness of the main conclusions at the fund level. Additionally, the set of alternative estimators mentioned above (Logit, Probit, GLM, IV) was performed using the panel data.

REGRESSION RESULTS

The regression results presented correspond to the OLS specification. Due to space constraints, results from robustness checks are not contained in the Appendix but are available upon request.

The association between gender-diverse senior leadership and gender-balanced workforce within a fund.

Table A2.1: Gender diversity in leadership and workforce—main specifications

Dependent Variable: Gender Balance Staff

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	0.287**	0.286**	0.279**	0.287**	0.272**	0.262**	0.271**	0.279**	0.279**	0.301***	0.279**	0.160**
	(0.116)	(0.117)	(0.125)	(0.125)	(0.125)	(0.126)	(0.127)	(0.127)	(0.127)	(0.1)	(0.133)	(0.076)
Female Dominated Effect	0.637***	0.657***	0.659***	0.629***	0.591***	0.603***	0.557***	0.581***	0.581***	0.613***	0.581***	0.651***
	(0.044)	(0.05)	(0.086)	(0.116)	(0.122)	(0.118)	(0.121)	(0.114)	(0.114)	(0.115)	(0.135)	(0.101)
Fund age				0.005	0.002	0.003	0.001	0.000	0.000	0.000	0.000	-0.005
				(0.012)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.012)	(0.012)	(0.009)
Fund size (value of commitments $)					-0.072	-0.054	-0.124*	-0.108*	-0.108*	-0.117*	-0.108	-0.027
					(0.047)	(0.049)	(0.063)	(0.063)	(0.063)	(0.061)	(0.067)	(0.035)
Fund size (number of employees)						-0.001	-0.001**	-0.001**	-0.001**	-0.001*	-0.001*	-0.002***
						(0.001)	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)
Share of Institutional investors							0.301	0.466*	0.466*	0.470*	0.466	0.23
							(0.218)	(0.257)	(0.257)	(0.25)	(0.285)	(0.179)
Share of DFI investors								0.328	0.328	0.311	0.328	0.208
								(0.273)	(0.273)	(0.266)	(0.309)	(0.196)
Constant	0.363***	0.411***	0.367***	0.338**	0.709**	0.645**	0.889***	0.606	0.606	0.584	0.606	0.352
	(0.044)	(0.079)	(0.117)	(0.14)	(0.276)	(0.281)	(0.318)	(0.406)	(0.406)	(0.389)	(0.47)	(0.242)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.06	0.064	0.093	0.094	0.108	0.117	0.15	0.16	0.16	0.187	0.16	0.1067
Observations	146	146	146	146	146	146	133	133	133	133	133	323

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.2: Gender diversity in leadership and inclusive portfolio—main specifications with pooled sample

Dependent Variable: Share of majority women owned or co-founded companies in the fund's portfolio

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	0.08	0.078*	0.086*	0.085*	0.084*	0.081*	0.088*	0.096*	0.096*	0.105***	0.096	0.063***
	(0.054)	(0.041)	(0.045)	(0.045)	(0.047)	(0.046)	(0.047)	(0.053)	(0.053)	(0.031)	(0.061)	(0.022)
Female Dominated Effect	-0.090***	-0.025**	-0.068**	-0.062*	-0.064*	-0.052	-0.07	-0.052	-0.052	-0.057	-0.052	-0.065**
	(0.012)	(0.011)	(0.028)	(0.034)	(0.038)	(0.039)	(0.048)	(0.048)	(0.048)	(0.048)	(0.057)	(0.032)
Fund age				-0.001	-0.001	-0.002	-0.004	-0.004	-0.004	-0.003	-0.004	-0.002
				(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.005)	(0.003)
Fund size (value of commitments $)					-0.005	-0.003	-0.02	-0.015	-0.015	-0.021	-0.015	-0.008
					(0.014)	(0.014)	(0.018)	(0.018)	(0.018)	(0.017)	(0.02)	(0.01)
Fund size (number of employees)						-0.000**	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
						(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Share of Institutional investors							0.07	0.119*	0.119*	0.109**	0.119*	0.079**
							(0.045)	(0.061)	(0.061)	(0.052)	(0.068)	(0.034)
Share of DFI investors								0.102	0.102	0.067	0.102	0.125***
								(0.09)	(0.09)	(0.077)	(0.097)	(0.041)
Constant	0.090***	0.174***	0.151***	0.155***	0.183***	0.183**	0.245***	0.146	0.146	0.173*	0.146	0.114**
	(0.012)	(0.018)	(0.025)	(0.03)	(0.069)	(0.07)	(0.087)	(0.1)	(0.1)	(0.092)	(0.107)	(0.052)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.039	0.393	0.486	0.486	0.487	0.494	0.487	0.499	0.499	0.553	0.499	0.379
Observations	102	102	102	102	102	100	91	91	91	91	91	263

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.3: Gender diversity in leadership and inclusive portfolio – main specifications with venture capital sample

Dependent Variable: Share of majority women owned or co-founded companies in the fund's portfolio

	Main Models							Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	0.120*	0.141*	0.146*	0.149*	0.145*	0.161**	0.164**	0.164**	0.201***	0.164**	0.135***
	(0.069)	(0.081)	(0.08)	(0.075)	(0.075)	(0.073)	(0.069)	(0.069)	(0.044)	(0.139)	(0.047)
Female Dominated Effect	omitted	omitted	omitted	omitted	omitted	omitted	omitted	omitted	omitted	0.000	omitted
	–	–	–	–	–	–	–	–	–	0.000	–
Fund age			-0.007	-0.007	-0.009	-0.005	-0.006	-0.006	-0.002	-0.006	-0.000
			(0.006)	(0.006)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)	(0.008)	(0.006)
Fund size (value of commitments $)				0.006	0.01	-0.015	-0.014	-0.014	-0.017	-0.014	-0.011
				(0.028)	(0.028)	(0.026)	(0.028)	(0.0228)	(0.022)	(0.037)	(0.032)
Fund size (number of employees)					-0.002	-0.002	-0.002	-0.002	-0.000	-0.002	-0.004
					(0.003)	(0.003)	(0.003)	(0.003)	(0.002)	(0.004)	(0.004)
Share of Institutional investors						0.182*	0.159	0.159	0.097	0.159	0.173
						(0.102)	(0.134)	(0.134)	(0.103)	(0.127)	(0.114)
Share of DFI investors							-0.041	-0.041	-0.13	-0.041	0.073
							(0.151)	(0.151)	(0.114)	(0.23)	(0.116)
Constant	0.170***	0.116*	0.152*	0.125	0.132	0.172	0.203	0.203	0.242*	0.203	0.11
	(0.019)	(0.068)	(0.076)	(0.145)	(0.146)	(0.15)	(0.163)	(0.163)	(0.136)	(0.197)	(0.15)
Region fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.081	0.326	0.345	0.346	0.366	0.443	0.445	0.445	0.642	0.445	0.2261
Observations	44	44	44	44	42	41	41	41	41	41	102

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.4: Gender diversity in leadership and inclusive portfolio—main specifications with private equity sample

Dependent Variable: Share of majority women owned or co-founded companies in the fund's portfolio

	Main Models							Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	0.045	0.06	0.067	0.068	0.067	0.064	0.099*	0.099*	0.067*	0.099	0.018
	(0.047)	(0.048)	(0.05)	(0.051)	(0.052)	(0.056)	(0.057)	(0.057)	(0.033)	(0.067)	(0.015)
Female Dominated Effect	-0.028**	-0.072*	-0.099**	-0.104**	-0.101*	-0.122*	-0.094	-0.094	-0.096	-0.094	-0.102**
	(0.011)	(0.038)	(0.046)	(0.052)	(0.056)	(0.068)	(0.066)	(0.066)	(0.067)	(0.069)	(0.044)
Fund age			0.004	0.003	0.003	0.003	0.002	0.002	0.001	0.002	0.002
			(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.006)	(0.004)
Fund size (value of commitments $)				-0.01	-0.01	-0.016	-0.005	-0.005	-0.013	-0.005	0.000
				(0.015)	(0.016)	(0.027)	(0.027)	(0.027)	(0.028)	(0.03)	(0.004)
Fund size (number of employees)					-0.000	-0.000	0.000	0.000	-0.000	0.000	0.000
					(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Share of Institutional investors						0.009	0.089	0.089	0.082	0.089	0.034
						(0.054)	(0.063)	(0.063)	(0.058)	(0.1)	(0.035)
Share of DFI investors							0.174**	0.174**	0.134**	0.174	0.127**
							(0.08)	(0.08)	(0.062)	(0.112)	(0.061)
Constant	0.028**	0.015	-0.013	0.05	0.049	0.078	-0.12	-0.12	-0.05	-0.12	-0.107***
	(0.011)	(0.011)	(0.02)	(0.089)	(0.091)	(0.144)	(0.169)	(0.169)	(0.152)	(0.191)	(0.035)
Region fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.029	0.128	0.145	0.158	0.158	0.175	0.226	0.226	0.211	0.226	0.1
Observations	58	58	58	58	58	50	50	50	50	50	161

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

The association between gender-diverse senior leadership, financial performance, and risk outcomes within a fund.

Table A2.5: Gender diversity in leadership and financial performance (IRR)—main specifications

Dependent Variable: Net Fund IRR

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	2.832	-3.24	-2.909	-4.12	-4.089	-3.933	-4.078	-3.466	-3.466	-2.037	-3.466	3.583
	(3.45)	(4.662)	(4.233)	(3.747)	(3.714)	(3.732)	(3.544)	(3.573)	(3.573)	(3.02)	(3.836)	(2.842)
Female Dominated Effect	-16.949***	-11.745**	-13.046**	-7.654	-7.523	-7.782	-10.542	-11.281*	-11.281*	-11.365*	-11.281*	omitted
	(5.094)	(4.941)	(5.463)	(7.371)	(7.472)	(7.482)	(6.863)	(6.449)	(6.449)	(6.402)	(6.261)	–
Fund age				-1.129***	-1.227***	-1.210***	-1.320**	-1.301**	-1.301**	-1.271**	-1.301**	-1.565***
				(0.424)	(0.454)	(0.459)	(0.508)	(0.506)	(0.506)	(0.512)	(0.576)	(0.316)
Fund size (value of commitments $)					-0.45	-0.482	-3.716**	-4.188**	-4.188**	-4.169**	-4.188**	-0.055
					(1.163)	(1.236)	(1.727)	(1.844)	(1.844)	(1.842)	(1.925)	(0.077)
Fund size (number of employees)						0.004	0.016	0.015	0.015	0.014	0.015	-0.007
						(0.01)	(0.011)	(0.012)	(0.012)	(0.012)	(0.019)	(0.038)
Share of Institutional investors							10.737*	6.102	6.102	5.601	6.102	omitted
							(5.452)	(7.195)	(7.195)	(7.226)	(8.706)	–
Share of DFI investors								-8.567	-8.567	-9.031	-8.567	omitted
								(7.428)	(7.428)	(7.594)	(8.438)	–
Constant	12.549***	29.898***	21.717***	30.782***	33.390***	32.897***	44.510***	52.213***	52.213***	52.270***	52.213***	23.854***
	(1.784)	(3.961)	(3.91)	(4.682)	(6.905)	(7.246)	(9.001)	(11.739)	(11.739)	(11.721)	(12.567)	(3.269)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.024	0.377	0.486	0.524	0.526	0.507	0.516	0.522	0.522	0.52	0.522	0.126
Observations	105	105	105	105	104	103	91	91	91	91	91	270

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.6: Gender diversity in leadership and financial performance (TVPI)—main specifications

Dependent Variable: TVPI

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	-0.001	-0.405	-0.433	-0.413	-0.415	-0.431	-0.442	-0.426	-0.426	-0.287	-0.426	0.246
	(0.193)	(0.341)	(0.342)	(0.336)	(0.34)	(0.348)	(0.355)	(0.392)	(0.392)	(0.329)	(0.395)	(0.2)
Female Dominated Effect	-0.835**	-0.489*	-0.464	-0.556*	-0.529	-0.504	-0.630**	-0.649*	-0.649*	-0.663**	-0.649*	omitted
	(0.322)	(0.289)	(0.345)	(0.321)	(0.339)	(0.344)	(0.316)	(0.331)	(0.331)	(0.322)	(0.35)	–
Fund age				0.019	0.02	0.018	0.034	0.034	0.034	0.038	0.034	0.012
				(0.033)	(0.036)	(0.036)	(0.044)	(0.043)	(0.043)	(0.045)	(0.05)	(0.04)
Fund size (value of commitments $)					0.038	0.034	-0.015	-0.027	-0.027	-0.023	-0.027	0.015
					(0.081)	(0.086)	(0.135)	(0.172)	(0.172)	(0.18)	(0.197)	(0.01)
Fund size (number of employees)						-0.000	-0.000	-0.000	-0.000	-0.000	-0.000	-0.011
						(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.012)
Share of Institutional investors							0.007	-0.109	-0.109	-0.167	-0.109	omitted
							(0.337)	(0.503)	(0.503)	(0.494)	(0.645)	–
Share of DFI investors								-0.214	-0.214	-0.259	-0.214	omitted
								(0.959)	(0.959)	(0.962)	(1)	–
Constant	1.672***	2.827***	2.476***	2.321***	2.128***	2.218***	2.276***	2.469**	2.469**	2.479**	2.469*	1.862***
	(0.153)	(0.492)	(0.452)	(0.361)	(0.423)	(0.455)	(0.568)	(1.224)	(1.224)	(1.229)	(1.348)	(0.267)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.007	0.232	0.301	0.303	0.303	0.309	0.298	0.298	0.298	0.295	0.298	0.059
Observations	105	105	105	105	104	103	91	91	91	91	91	270

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.7: Gender diversity in leadership and risk management (write-offs)—main specifications

Dependent Variable: Share of Write-Offs

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	-3.022**	-4.296***	-5.251***	-4.813**	-4.716**	-4.805**	-4.250**	-4.424**	-4.424**	-1.562	-4.424**	-0.471
	(1.512)	(1.55)	(1.764)	(1.855)	(1.892)	(1.918)	(1.92)	(1.934)	(1.934)	(1.836)	(1.967)	(1.729)
Female Dominated Effect	-4.654***	-3.208***	-4.433***	-7.171***	-8.538***	-8.741***	-7.289***	-6.931***	-6.931***	-6.824**	-6.931**	omitted
	(0.9)	(0.831)	(1.453)	(2.485)	(2.859)	(3)	(2.515)	(2.513)	(2.513)	(2.587)	(2.93)	–
Fund age				0.545*	0.543*	0.532	0.128	0.103	0.103	0.143	0.103	0.933*
				(0.313)	(0.315)	(0.32)	(0.321)	(0.317)	(0.317)	(0.326)	(0.319)	(0.497)
Fund size (value of commitments $)					-1.630*	-1.817*	-2.209*	-2.054	-2.054	-1.98	-2.054	0.228*
					(0.871)	(0.944)	(1.3)	(1.384)	(1.384)	(1.439)	(1.712)	(0.124)
Fund size (number of employees)						0.009	0.013	0.013	0.013	0.012	0.013	0.068
						(0.012)	(0.011)	(0.011)	(0.011)	(0.011)	(0.028)	(0.08)
Share of Institutional investors							6.446	8.101	8.101	7.268	8.101*	omitted
							(4.428)	(5.16)	(5.16)	(5.303)	(4.814)	–
Share of DFI investors								3.066	3.066	2.354	3.066	omitted
								(5.172)	(5.172)	(5.394)	(5.478)	–
Constant	4.654***	8.649***	8.633***	4.622	12.599**	13.531**	15.413**	12.681	12.681	12.056	12.681	-7.24
	(0.9)	(1.939)	(2.032)	(2.981)	(5.06)	(5.287)	(6.844)	(9.026)	(9.026)	(9.353)	(10.93)	(5.053)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.025	0.129	0.209	0.244	0.284	0.291	0.397	0.4	0.4	0.363	0.4	0.062
Observations	93	93	93	93	92	91	79	79	79	79	79	258

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.8: Gender diversity in leadership and risk management (gross investee IRR)—main specifications

Dependent Variable: Deviation of Gross Investee IRR in a fund's portfolio

	Main Models								Robustness Models			
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Model 8**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**	**Resampling (bootstrap – 200 iterations)**	**Panel Dataset (2022 – 2024)**
Gender Balance Effect	0.078	0.043	0.044	0.029	0.031	0.029	0.035	0.028	0.028	0.052	0.028	-1.361
	(0.061)	(0.05)	(0.053)	(0.051)	(0.049)	(0.048)	(0.05)	(0.045)	(0.045)	(0.049)	(0.057)	(1.979)
Female Dominated Effect	-0.182***	-0.151***	-0.161***	-0.068*	-0.066*	-0.075*	-0.063	-0.049	-0.049	-0.045	-0.049	omitted
	(0.019)	(0.022)	(0.024)	(0.04)	(0.039)	(0.045)	(0.048)	(0.054)	(0.054)	(0.054)	(0.075)	–
Fund age				-0.018***	-0.021***	-0.021***	-0.028***	-0.029***	-0.029***	-0.029***	-0.029***	-1.64
				(0.006)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)	(0.009)	(0.009)	(1.363)
Fund size (value of commitments $)					-0.018	-0.024	-0.051	-0.043	-0.043	-0.047	-0.043	-0.259
					(0.024)	(0.025)	(0.035)	(0.029)	(0.029)	(0.029)	(0.036)	(0.23)
Fund size (number of employees)						0.000	0.000	0.000	0.000	0.000	0.000	-0.323
						(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.263)
Share of Institutional investors							0.129	0.196	0.196	0.200*	0.196*	omitted
							(0.082)	(0.119)	(0.119)	(0.119)	(0.118)	–
Share of DFI investors								0.129	0.129	0.111	0.129	omitted
								(0.139)	(0.139)	(0.144)	(0.162)	–
Constant	0.236***	0.336***	0.276***	0.410***	0.513***	0.538***	0.665***	0.540***	0.540***	0.561***	0.540***	27.922
	(0.019)	(0.03)	(0.049)	(0.072)	(0.153)	(0.156)	(0.201)	(0.158)	(0.158)	(0.161)	(0.195)	(21.446)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.057	0.171	0.232	0.31	0.324	0.332	0.379	0.39	0.39	0.401	0.39	0.033
Observations	87	87	87	87	86	85	76	76	76	76	76	245

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.9: Effects of partnership gender diversity on performance (excess net fund IRR and TVPI)—outlier trimming and older funds samples

Dependent Variable: Net Fund IRR

	All controls, 5+years of age	+With outlier trimming	All controls, 8+years of age	All controls, 12+years of age
Gender Balanced Partnership Effect	-3.466	-1.85	-3.041	-22.335
Observations	91	89	55	15

Dependent Variable: TVPI

	All controls, 5+years of age	+With outlier trimming	All controls, 8+years of age	All controls, 12+years of age
Gender Balanced Partnership Effect	-0.426	0.037	-0.87	-1.987
Observations	91	83	55	15

Table A2.10: Effects of partnership gender diversity on performance (excess net fund IRR and TVPI, Cambridge Benchmark)—main regression models

Dependent Variable: Excess Net Fund IRR

	No controls	+ Strategy	+ Region	+ Age	+ Size (capital commitments $)	+ Size (Number of employees)	+ Share of institutional investors	+ Share of DFI investors
Gender Balanced Partnership Effect	-2.64	-4.825	-4.634	-4.377	-4.346	-5.24	-5.535	-5.542
Observations	132	132	132	132	130	128	114	114

Dependent Variable: Excess TVPI

	No controls	+ Strategy	+ Region	+ Age	+ Size (capital commitments $)	+ Size (Number of employees)	+ Share of institutional investors	+ Share of DFI investors
Gender Balanced Partnership Effect	-0.322	-0.386	-0.37	-0.441	-0.437	-0.442	-0.458	-0.458
Observations	132	132	132	132	130	128	114	114

Table A2.11: Effects of partnership gender diversity on performance (net fund IRR and TVPI, Cambridge Benchmark)—robustness models

Dependent Variable: Excess Net Fund IRR

	Less Inclusive (33-67% women)	More Inclusive (25-75% women)	Resampling (bootstrapping)	Panel Dataset (2022-2024
Gender Balanced Partnership Effect	-5.542	-8.213**	-5.542	-3.129
Observations	114	114	114	302

Dependent Variable: Excess TVPI multiple

	Less Inclusive (33-67% women)	More Inclusive (25-75% women)	Resampling (bootstrapping)	Panel Dataset (2022-2024
Gender Balanced Partnership Effect	-0.458	-0.284	-0.458	
Observations	114	114	114	302

Table A2.12: Effects of partnership gender diversity on performance (excess net fund IRR and TVPI, benchmark calculated using 600+ funds from IFC's financial database—main regression models

Dependent Variable: Excess Net Fund IRR

	No controls	+ Strategy	+ Region	+ Age	+ Size (capital commitments $)	+ Size (Number of employees)	+ Share of institutional investors	+ Share of DFI investors
Gender Balanced Partnership Effect	-3.105	-3.728	-3.203	-2.833	-2.841	-3.587	-3.822	-3.825
Observations	132	132	132	132	130	128	114	114

Dependent Variable: Excess TVPI

	No controls	+ Strategy	+ Region	+ Age	+ Size (capital commitments $)	+ Size (Number of employees)	+ Share of institutional investors	+ Share of DFI investors
Gender Balanced Partnership Effect	-0.126	-0.165	-0.156	-0.129	-0.129	-0.138	-0.128	-0.128
Observations	132	132	132	132	130	128	114	114

Table A2.13: Effects of partnership gender diversity on performance (Net Fund IRR and TVPI, benchmark calculated using 600+ funds from IFC's financial database)—robustness models

Dependent Variable: Excess Net Fund IRR

	Less Inclusive (33-67% women)	More Inclusive (25-75% women)	Resampling (bootstrapping)	Panel Dataset (2022-2024
Gender Balanced Partnership Effect	-3.825	-5.847*	-3.825	-3.116
Observations	114	114	114	305

Dependent Variable: Excess TVPI multiple

	Less Inclusive (33-67% women)	More Inclusive (25-75% women)	Resampling (bootstrapping)	Panel Dataset (2022-2024
Gender Balanced Partnership Effect	-0.128	-0.139	-0.128	-0.018
Observations	114	114	114	305

The association between gender-diverse senior leadership and workforce within an investee.

Table A2.14: Gender diversity in leadership and workforce composition—main specifications

Dependent Variable: Gender Balanced Workforce (1 if gender balanced, 0 if male or female dominated)

	Main Models							Robustness Models		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Resampling (bootstrap – 200 iterations)**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**
Gender Balance Effect	0.082**	0.078**	0.049	0.023	0.013	0.016	0.02	0.02	0.023	0.019
	(0.033)	(0.033)	(0.032)	(0.035)	(0.038)	(0.038)	(0.038)	(0.04)	(0.038)	(0.035)
Female Dominated Effect	-0.005	-0.009	-0.061	-0.065	-0.085	-0.081	-0.063	-0.063	-0.091	-0.252*
	(0.093)	(0.092)	(0.089)	(0.093)	(0.1)	(0.1)	(0.101)	(0.092)	(0.101)	(0.128)
Investee assets (log)					0.014**	0.012*	0.009	0.009	0.009	0.008
					(0.007)	(0.007)	(0.007)	(0.008)	(0.007)	(0.007)
Number of employees						0.000**	0.000**	0.000	0.000**	0.000**
						(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Capital invested by Fund							0.026	0.026	0.025	0.023
							(0.019)	(0.019)	(0.019)	(0.019)
Constant	0.472***	0.430***	0.416***	0.411***	0.326***	0.329***	0.320***	0.320***	0.320***	0.323***
	(0.019)	(0.024)	(0.049)	(0.08)	(0.085)	(0.085)	(0.086)	(0.088)	(0.085)	(0.086)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector fixed effects	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.006	0.013	0.088	0.114	0.151	0.152	0.154	0.154	0.154	0.158
Observations	1,046	1,046	1,046	968	832	832	831	831	831	831

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.15: Gender diversity in leadership and workforce—male-dominated comparison

Dependent Variable: Gender Balanced Workforce (1 if gender balanced, 0 if male dominated)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Gender Balance Effect	0.184***	0.183***	0.145***	0.100***	0.100***	0.102***	0.104***
	(0.035)	(0.035)	(0.033)	(0.034)	(0.037)	(0.037)	(0.037)
Female Dominated Effect	0.216**	0.216**	0.136	0.097	0.079	0.081	0.085
	(0.1)	(0.1)	(0.085)	(0.087)	(0.093)	(0.094)	(0.095)
Investee assets (log)					0.006	0.005	0.004
					(0.006)	(0.007)	(0.007)
Number of employees						0.000*	0.000*
						(0.000)	(0.000)
Capital invested by Fund							0.005
							(0.020)
Constant	0.561***	0.560***	0.474***	0.453***	0.387***	0.389***	0.389***
	(0.021)	(0.027)	(0.05)	(0.083)	(0.09)	(0.09)	(0.09)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes
Sector fixed effects	No	No	No	Yes	Yes	Yes	Yes
R-squared	0.031	0.031	0.173	0.235	0.26	0.26	0.26
Observations	840	840	840	794	690	690	689

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.16: Gender diversity in leadership and workforce—female-dominated comparison

Dependent Variable: Gender Balanced Workforce (1 if gender balanced, 0 if female dominated)

	Main Models						
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**
Gender Balance Effect	-0.064*	-0.079**	-0.080**	-0.078**	-0.094**	-0.092**	-0.087**
	(0.035)	(0.035)	(0.033)	(0.036)	(0.039)	(0.039)	(0.039)
Female Dominated Effect	-0.209**	-0.231**	-0.204**	-0.228**	-0.240**	-0.237**	-0.195*
	(0.1)	(0.099)	(0.097)	(0.105)	(0.11)	(0.11)	(0.112)
Investee assets (log)					0.015**	0.015**	0.008
					(0.007)	(0.007)	(0.007)
Number of employees						0.000*	0.000
						(0.000)	(0.000)
Capital invested by Fund							0.047**
							(0.02)
Constant	0.747***	0.667***	0.786***	0.798***	0.728***	0.729***	0.709***
	(0.021)	(0.027)	(0.048)	(0.085)	(0.093)	(0.093)	(0.095)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes
Sector fixed effects	No	No	No	Yes	Yes	Yes	Yes
R-squared	0.01	0.048	0.128	0.107	0.158	0.159	0.168
Observations	726	726	726	672	576	576	576

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

The association between gender-diverse senior leadership, financial performance, and risk outcomes within an investee

Table A2.17: Gender diversity in leadership and financial performance—main specifications

Dependent Variable: CAGR (log)

	Main Models							Robustness Models		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Resampling (bootstrap – 200 iterations)**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**
Gender Balance Effect	-0.15	-0.096	-0.011	-0.075	-0.164	-0.232	-0.242	-0.242	-0.249	-0.317*
	(0.169)	(0.152)	(0.145)	(0.158)	(0.155)	(0.157)	(0.155)	(0.166)	(0.156)	(0.162)
Female Dominated Effect	-0.607**	-0.368	-0.196	-0.25	-0.266	-0.292	-0.567	-0.567	-0.567	-0.052
	(0.307)	(0.341)	(0.331)	(0.336)	(0.379)	(0.396)	(0.417)	(0.46)	(0.415)	(0.521)
Investee assets (log)					0.145**	0.166**	0.195***	0.195***	0.195***	0.196***
					(0.063)	(0.065)	(0.068)	(0.069)	(0.068)	(0.068)
Number of employees						-0.000**	-0.000**	0.000	-0.000**	-0.000**
						(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Capital invested by Fund							-0.332***	-0.332***	-0.333***	-0.315***
							(0.093)	(0.106)	(0.093)	(0.094)
Constant	3.592***	4.572***	4.282***	4.312***	3.893***	3.913***	4.205***	4.205***	4.177***	4.228***
	(0.104)	(0.166)	(0.223)	(0.343)	(0.358)	(0.38)	(0.372)	(0.423)	(0.365)	(0.381)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector fixed effects	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.003	0.153	0.177	0.189	0.233	0.252	0.27	0.27	0.27	0.271
Observations	634	634	634	600	537	500	499	499	499	499

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

Table A2.18: Gender diversity in leadership and risk management—main specifications

Dependent variable: Net Debt relative to EBITDA

	Main Models							Robustness Models		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**	**Model 7**	**Resampling (bootstrap – 200 iterations)**	**Less Inclusive (33-67% women partners)**	**More inclusive (25–75% women partners)**
Gender Balance Effect	17.39	18.863	22.815	30.554	34.897	35.757	44.964	44.964	42.299	49.876
	(18.575)	(20.105)	(23.446)	(31.295)	(35.46)	(36.018)	(44.405)	(42.022)	(41.629)	(48.154)
Female Dominated Effect	24.666	29.939	20.177	25.176	28.502	31.475	83.147	83.147	76.098	92.057
	(19.212)	(24.757)	(15.363)	(21.724)	(25.338)	(27.571)	(75.161)	(72.27)	(69.333)	(86.394)
Investee assets (log)					1.92	1.52	-7.487	-7.487	-7.401	-7.522
					(1.615)	(1.51)	(8.47)	(8.701)	(8.393)	(8.541)
Number of employees						0.001	0.001	0.001	0.001	0.001
						(0.001)	(0.001)	(0.003)	(0.001)	(0.001)
Capital invested by Fund							66.823	66.823	66.639	66.502
							(64.757)	(62.133)	(64.623)	(64.493)
Constant	-16.861	-5.165	-74.561	-83.981	-98.927	-96.306	-119.394	-119.394	-115.698	-129.133
	(18.27)	(5.997)	(77.662)	(86.679)	(99.638)	(97.698)	(118.03)	(121.461)	(114.483)	(126.766)
Strategy fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector fixed effects	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.001	0.002	0.007	0.019	0.022	0.023	0.045	0.045	0.044	0.046
Observations	871	871	871	827	772	731	730	730	730	730

Robust standard errors are reported in parenthesis. *** indicates significance at the 1% level, ** at the 5% level, and * at the 10% level

ENDNOTES

1 IFC, 2025.

2 GPCA, 2025.

3 Around 15 various industry reports published over the last five years discussing issues of gender in the PE/VC industry at various levels of depth were identified in a literature review conducted as part of this study.

4 Women fund partners are defined as partners of the specific fund entity; women investment professionals are defined as staff of the fund, excluding partners and staff in non-investment roles, such as administration; women in ownership/leadership roles within the portfolio companies are defined as those with direct equity stakes or with active decision-making leadership roles within the company's C-suite or equivalent.

5 Preqin, 2024.

6 IFC, 2019.

7 A fund's vintage is defined by the year it achieved its first close.

8 The sample includes 49 VC funds. While the sample size is not large enough to draw definitive conclusions, it is reflective of IFC's understanding of the emerging markets VC industry.

9 Discussed in IFC, 2019.

10 Revenue to EBITDA is considered an indirect measure of risk, providing a view of operational efficiency, margins, and cost management.

11 Such as Invest2Equal, ScaleX, and SheWins.

12 UN, Sustainable Development Goals, 2024.

13 International Labour Organization, 2024.

14 World Bank Group, 2024.

15 Pennings, 2022.

16 Lee, 2021.

17 The jobs gap for women in low-income countries reaches 22.8 percent, contrasting with 9.7 percent for women in high-income countries.

18 ILO, World Employment and Social Outlook, 2024.

19 Wefi, We-Fi's Theory of Change, 2022.

20 Iglesias, 2020.

21 IFC, 2025.

22 WBG, 2024.

23 We-fi, Annual Report, 2024.

24 Duflo, 2010; Qian, 2008.

25 World Economic Forum, 2024.

26 Wood Brooks et al., 2014.

27 Frost & Sullivan, 2024.

28 Around 15 industry reports published over the last five years covering issues of gender in the PE/VC industry at various levels of depth were identified in a literature review conducted as part of this study.

29 IFC, 2025.

30 IFC, 2025.

31 Preqin dataset, 2024 and statistics from McKinsey, 2024.

32 GPCA, 2025.

33 IFC, 2019.

34 IFC, 2019.

35 Ladant and Paul-Delvaux, 2025; Calder-Wang and Gompers, 2021; Lerner and Nanda, 2020; Ewens and Townsend, 2020; Kunze and Miller, 2017; Rivera, 2012; Rivera, 2021; Matsa and Miller, 2011; Bell, 2005.

36 McKinsey, 2024; World Economic Forum, 2024.

37 Ewens and Townsend, 2020.

38 Gafni et al., 2019.

39 Xu et al., 2024.

40 Lauring, 2017; Hamilton et al., 2004; Hoogendoorn et al., 2013; Post and Byron, 2015; van Knippenberg et al., 2004.

41 Xu et al., 2024; Centola et al., 2018; Andreoni et al., 2021; IFC, 2019.

42 Lauring, 2017

43 Post and Byron, 2015.

44 Post and Byron, 2015.

45 Post and Byron, 2015; Pletzer et al., 2015; Jeong and Harrison, 2016.

46 Calder-Wang and Gompers, 2021.

47 Lerner, 2019.

48 IFC, 2018.

49 Post and Byron, 2015; Niessen-Ruenzi and Ruenzi, 2018; Devine et al., 2024.

50 The reasons why this may be the case are numerous. One is that risk aversion may reduce appetite for high-growth opportunities, which in industries like VC are geared towards "home runs"—thus negatively affecting performance on average. It is also possible that financial performance stemming from more prudent and disciplined risk-taking decisions takes time to materialize and is not easily measurable in the research.

51 IFC and BII, 2020

52 Wharton, Project Sage 4.0, 2021.

53 2X, Project Catalyst, 2024.

54 Parallelle Finance, 2024.

55 IFC, 2019.

56 2X Global, https://www.2xglobal.org/.

57 Asian Development Bank, 2024.

58 FinDev Canada, 2022.

59 UNGC, 2024.

60 Value for Women, https://www.v4w.org/tools.

61 For instance: 65 percent of "gender-lens" funds identified in Project Sage 4.0 are first-time managers.

62 IFC, 2019 found that 11 percent of partners were female in emerging market funds.

63 Preqin, 2024.

64 Investment professionals are staff with active roles in the investment process, from analyst through to investment director. This figure excludes non-investment staff, such as administration support. When considering all employees, around 40 percent of fund employees are female.

65 Preqin, 2024.

66 McKinsey, "Women in the Workplace," 2024.

67 These criteria are based on standard means through which companies are considered to have significant representation of women within decision-making roles and are informed by harmonized indicators such as those used under HIPSO.

68 "Women ownership" refers to companies where women own more than 50 percent of equity. "Women-led" denotes companies with a female CEO or where women constitute the majority (>50 percent) of the C-suite. "Women-founded" applies to companies with at least one female co-founder. In this study, PE funds are assessed based on female ownership or leadership, while VC funds are evaluated using the female-founder criterion.

69 WBG, Enterprise Survey, 2023 – (i) Firms with top female manager; and (ii) Firms with female participation in ownership.

70 Carranza et al., 2018.

71 The regression analysis includes the log of capital as the dependent variable. Controls include number of employees, the log of assets, the type of financing sought (PE or VC), sector and region. The specification includes robust standard errors.

72 Wood Brooks et al., 2014.

73 Centola et al., 2018; Andreoni et al., 2021; Lerner et al., 2019; IFC, 2019.

74 Lerner et al., 2019; IFC, 2019.

75 World Bank Group (b), 2024.

76 IFC, 2019.

77 WEF, 2024.

78 IFC, 2019.

79 Net fund IRR captures a fund's annualized return, accounting for cash flow timing and net investor returns after fees, while TVPI reflects overall performance by comparing total fund value (realized and unrealized) to contributed capital. While IRR emphasizes cash flow efficiency, TVPI measures a fund's multiple on invested capital. Both of these metrics are standard in the private equity and venture capital industry.

80 IFC's 2019 report, Moving Towards Gender Balance in PE/VC, found that gender-balanced funds outperformed male-dominated funds by 1.7 percentage points in median excess net fund IRR—equating to 20% higher median returns, based on an estimated median net fund IRR of 8% for emerging market funds in that sample. This report, however, focuses on average returns rather than medians, making direct comparisons difficult. Furthermore, the datasets used in the two reports differ significantly. The 2019 report drew from a mix of proprietary, third-party, and publicly available sources, including IFC, RockCreek, PitchBook, and Preqin. In contrast, the dataset for this report is exclusively derived from IFC-supported fund managers. To approximate the findings of the 2019 report, the median excess returns metric was calculated using a similar benchmarking approach without applying fund age restrictions to the sample. The results show a 1.2 percentage point difference in the medians (2.7% vs. 1.5%), translating to 20% higher median returns, given a median net fund IRR of 6% across the funds in the sample. However, statistical tests found no significant difference in these medians at the 10% significance level, aligning with the 2019 report, where significance was only found at the 20% significance level.

81 For the case of emerging market funds, macro factors can be an important driver of returns considering that, for example, exchange rate fluctuations can significantly impact dollar-denominated returns. However, literature analyzing the drivers of PE returns in emerging markets finds that firm-specific factors account for largest share of return variability for an emerging market PE investor, with country/macro and sector factors playing smaller roles (Mölders & Salgado, 2024).

82 These controls are in-line with the literature in the space examining similar questions. Examples include Calder-Wang and Gompers, 2021; Lerner et al., 2019; IFC, 2019.

83 Excess returns over a benchmark assess relative performance by comparing a fund's net IRR and TVPI to a benchmark. This benchmark is adjusted for the fund's vintage year and investment strategy (for example, Venture Capital, Growth Equity) using data from Cambridge Associates.

84 Revenue to EBITDA is considered an indirect measure of risk, providing a view of operational efficiency, margins, and cost management. Net debt relative to EBITDA is a preferred proxy for risk outcomes. Revenue to EBITDA was selected as a secondary proxy measure.

85 Lerner et al., 2019.

86 Gompers and Wang, 2021.

87 IFC, 2019.

88 For literature focusing on funds, see Gompers et al., 2017; Lerner et al., 2019; Gompers and Wang, 2021; and Xiao et al. (2024). For literature on investees, see Chaudhuri et al. (2020), Hedija and Němec (2021), and Kiefer et al. (2022).

89 Partners or IC are female-dominated when the share of women in those partners or IC are higher than 70 percent

90 To account for strategy and regional differences, fixed effects for both strategy and region were included in the model by incorporating dummy variables for each strategy and region. Specifically, VC and the Africa region were omitted from the regression as reference categories to avoid multicollinearity. This means that the coefficients for Growth Equity represent the difference in the dependent variable relative to VC. Similarly, the coefficients for the other regions represent the difference in the dependent variable relative to the Africa region.

91 C-suite is female-dominated when the share of women is higher than 70 percent.

92 García and Herrero, 2021; Mohsni and Shata, 2021.