Market Gaps

COUNTRY CONTEXT
There are very few commercial/professional venture funds in Pakistan. While elements of a vibrant ecosystem exist — increasing investor sentiment, favorable demographics, growing base of digital consumers and rising internet and smart phone penetration — access to venture capital in the region is significantly low. Pakistan’s five-year average annual venture capital penetration rate of 0.006 percent is at the bottom-end for most emerging markets.

ACCESS TO FINANCE
The median female-led business in Pakistan has received only 65 percent of the funding received by the median male-led business.

Female-led businesses are slightly less likely to receive second round funding than male-led businesses (13 percent compared with 17 percent, respectively) as per the Moving Toward Gender Balance in Private Equity And Venture Capital Report, 2019.

According to the World Bank Group, Pakistan’s current female labor force participation rate is only 24 percent, compared with 46 percent for fragile and conflict countries and 47 percent globally. Of those women that do participate in the work force in Pakistan, the jobs are highly concentrated in agriculture (72 percent) and craft and related trade occupational segment (13 percent).

Barriers

LACK OF QUALITY INVESTORS

LIMITED FUNDING OPPORTUNITIES

EXPECTED IMPACT

25%
Fund investments in women-led companies

40%
Women-led tech companies reviewed in pipeline

The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among 14 governments, six multilateral development banks (MDBs), and other public and private sector stakeholders, hosted by the World Bank Group. It seeks to address financial and non-financial constraints faced by women-owned small and medium enterprises in developing countries. International Finance Corporation We-Fi (IFC We-Fi) program, is a part of the World Bank Group We-Fi program, a joint global initiative of the World Bank and IFC.
**Solution**

*Sarmayacar is one Pakistan’s first formal structured early-stage venture funds that focuses on tech-enabled businesses. Established in 2016, Sarmayacar (‘investor’ in Urdu) is a syndicate of local and international angel investors pooling capital and expertise to back Pakistani startups.*

**ABOUT THE PROJECT**

This project invests in Sarmayacar, which provides early stage support and training to start-ups in Pakistan. The We-Fi contributions aims to catalyze the fund’s outreach and investments in early stage high-impact women tech start startups.

**BLENDED FINANCE STRUCTURE**

- **PIPELINE OF WOMEN ENTERPRISES**
  - Increase the percentage of women-led startups reviewed, due diligence conducted and mentored

- **SARMAYACAR VENTURES COOPREATIF**
  - An early stage Pakistan venture fund
  - Receives performance-based incentive upon achieving gender targets

- **PORTFOLIO OF WOMEN ENTERPRISES**
  - Increase percentage of investments in women-led companies, including startup Investees with at least one female board member

**IFC INVESTMENT**

$2 million equity

**We-Fi SUPPORT**

$500,000 equity including up to $50,000 performance-based incentive

The project consists of a $500,000 equity contribution funded by We-Fi alongside a $2 million IFC equity investment in Sarmayacar.

Concessionality is provided in the form of a performance-based incentive of up to ~$50,000 to help the fund manager begin to proactively work towards sourcing, developing and testing investments in women-led companies.