

GENDER LENS INVESTING

Victus Global Capital (VGC) was established by African women to facilitate the financial and social betterment of women across their home continent. AGF's Anna Lyudvig catches up with Zee de Gersigny (left), Managing Director and co-founder to learn more about the new venture and gender lens investing



For the last five years De Gersigny directed the strategy to mobilise international assets for investment into Africa at Momentum Group. Over this period the company launched an Africa fixed income fund and an Africa Real Estate Fund to add to its existing Africa Equity fund offering. "I was very proud of the solutions we created to give international investors exposure to markets that were difficult to access without an on-the-ground presence," recalls De Gersigny.

"The solutions were very effective in giving investors exposure to these markets, but I felt more could be done to build investment solutions that not only gave investors access to these markets, but also benefited SMEs who required additional capital, access to markets and access skills," she adds.

Three years ago she met Bo Masole (VGC's co-founder, pictured in the center) at an Africa Investment Conference in the UK. She says that Bo has a long and lustrous career in international food manufacturing. Masole is Botswana-born, having spent most of her career working for global food companies developing their suppliers and supply chains around the world, she saw limited food coming out of Africa.

De Gersigny explains: "Bo saw this as an opportunity and in 2012 setup Victus Global Ltd, our food security consultancy division, which is focused on developing African food producers and manufacturers for formal markets (local, regional and international markets)."

"Through the work of Victus Global Ltd, Bo was meeting many incredible entrepreneurs in the agri-processing space who had built successful businesses but needed additional investment and technical

assistance to take their businesses to the next level," she says.

"On meeting and getting to know each other, Bo and I realised we shared a vision to see the positive development of our Continent and increased participation of Africa in global markets. We brought our skills together to partner in Victus Global Ltd and created Victus Global Capital Ltd with aims to transform agriculture in Africa and empower women," she stresses.

Together, Bo Masole and Zee de Gersigny – have more than 30 years' expertise in targeted investment and food technology. Partnering them in this venture is African asset management specialist Altree Capital. De Gersigny says that Altree Capital is a very experienced and skilled Africa investment manager and has a sizeable footprint across Africa. The group employs more than 50 people across Africa and has a presence in five African countries including South Africa, Nigeria, Kenya, Rwanda and Zambia. "I have always had immense respect for Jenni Chamberlain [pictured right], CEO/CIO of Altree Capital, she has been instrumental in the development of African capital markets, and we feel privileged to be able to partner with a manager of this caliber. We also know their extensive investment experience strengthens our investment process and proposition."

VGC INITIATIVE

The VGC initiative aims to address the missing middle in African agriculture and pursue systemic gender-based social change through the practice of Gender Lens Investing. It is believed that this is an increasingly salient trend in global investment.

According to De Gersigny, small and medium-sized enterprises (SMEs) are critical to the development of African economies. Research from the World Bank shows that SMEs represent 45% of employment and 33% of GDP in emerging markets. She says that the focus on women is driven by the fact that women understand difficulties that women face in succeeding in male-dominated industries. "Therefore it was an active choice to have a gender lens for the investment solutions we create."

She adds that from an SME perspective one-third of the SMEs in the world are run by women. Female business owners in developing countries face significant challenges to run their businesses, particularly in accessing finance. An estimated 70% of women-owned SMEs in the formal sector in emerging markets are underserved by financial institutions. This amounts to a financing gap of \$285bn. There are many reasons for this: "Women are less likely to own assets which can serve as collateral and are more likely to be excluded because of unequal property rights or discriminatory regulations, laws and customs," she says.

Finally, the focus on agriculture is because this industry is a significant employer in Africa. De Gersigny says that agriculture in Africa

that there are the same risks as faced by all private equity funds: market risk, funding risk, liquidity risk and capital risk. "Our team's extensive experience and understanding of agri-businesses and the related value chains. We believe this will help us make better investment decisions and should translate higher returns for investors," she adds.

GENDER LENS INVESTING AS INVESTMENT THESIS

The concept of gender lens investing was introduced in 2009. It's the intersection between finance and gender. Nowadays gender lens investing is emerging as one of the most exciting strategies for creating impact. According to De Gersigny, it was born out of the idea that by incorporating gender analysis into financial analysis better decisions can be made. "Women are half the world's population, but this is not reflected in how value is created in the economy or how women are represented in the workforce, overall and especially in senior leadership positions. This is an enormous resource that is not being fully utilised," she says.

"Gender lens investing is focused on including women in the workforce, helping women succeed and through this creating more pro-

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- Zee de Gersigny

employs 65% of Africa's labour force: "In some countries, it is as high as 80%, and at least 50% of this workforce is women. Hence another reason why we believe that through investing in agriculture in Africa, enhancing skills and using a gender lens we can transform agriculture on the African Continent and empower women."

Last month VGC announced that it is in the process of building its initial \$50m fund with the stated objective of assisting women-led and/or women-focused agri-businesses in Africa. "At Victus Global Capital we are responsible for the development of the pipeline and the operational management of the investments. Altree Capital will drive the rigorous due diligence process and be responsible for the implementation of the approved investment ideas. Altree will manage the risk management process including currency hedging, with exits being managed by both Altree and Victus Global," says De Gersigny.

"We are in advanced talks with a group of seed investors. Our initiative is well received, and there seems to be a lot of interest in our agriculture women empowerment focus. We hope to have our first close by Q4 of 2017," she adds.

Just after the first close, Victus Global has a number of investments in its pipeline that are ready for investment. "We have spent the last 1.5 years developing our pipeline, as we thought it would be critical to have a well-developed and investable pipeline in talking to potential investors and raising the capital for our fund," says De Gersigny.

The Fund plans to take meaningful stakes in its investee companies, but seldom majority stakes. "We want to focus on empowering the entrepreneurs we work with to build large successful businesses." Within agriculture, the Fund will focus on Agri-processing and will target an IRR of between 20-25%. Although the focus of the Fund is Sub-Saharan, at the moment, De Gersigny sees opportunities in Ethiopia, Zambia, Tanzania and Kenya.

When asked about risks of investing in the Fund, De Gersigny says

ductive economies and increasing the potential of the world," she adds.

Gender lens investing is focused on the following: providing women with access to capital to de-velop businesses and grow their existing businesses; it is focused on the representation of women in leadership; creating products and services that benefit women and girls – be it a medical device that saves lives at birth to Healthcare coverage and maternity leave; and finally, it is focused on workplace equity – equal pay for equal work, supporting the development of women in the work-place.

De Gersigny points out that gender equality is not just a basic human right. It also has a multiplier effect across other development areas. Empowering women and promoting gender equality is crucial to the acceleration of sustainable development. "If women participated in the global economy equally to men, it could increase global annual GDP by 26% (\$28 trillion), by 2025." In addition, gender equality is critical to reducing global poverty. "Of the estimated, 836 million people who still live in poverty, South Asia and sub-Saharan Africa account for 80% of the global total of those living in extreme poverty. And there is a disproportionate number of women in this group as they typically have unequal access to paid work, education and property," she says. When asked how gender lens investing can enhance outcomes for investors, she says that increased diversity creates value, adding that incorporating gender analysis into financial analysis results in better decisions being made and better results being achieved.

"There are a number of impact-focused funds applying the gender lens principles to their investee companies and using it as a consideration when they make investments, but I think we are the first Africa focused fund to make it a core tenant of our investment thesis," she concludes.