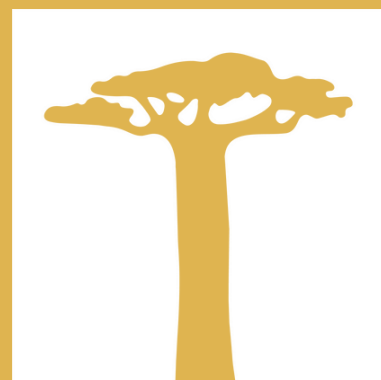


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WOMEN IN CLIMATE
ENTREPRENEURSHIP: A
LOOK AT EXPERIENCES
IN KENYA



PERSISTENT

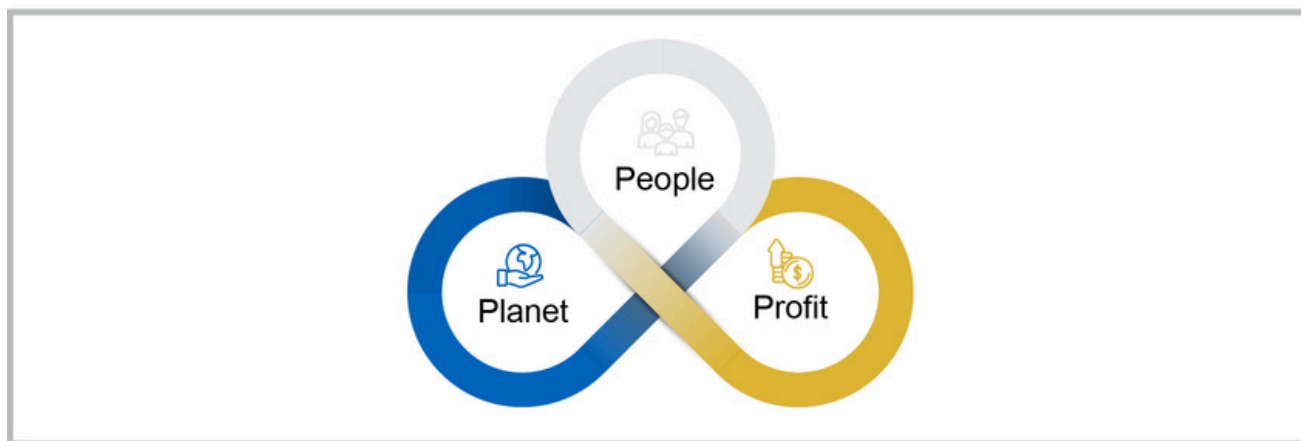


BY
DAMILOLA OLUWAYOSE

INTRODUCTION

Entrepreneurship has long been a cornerstone of growth, driving economic and social advancements. Beyond this, entrepreneurship has created the opportunity to implement new technologies, develop sustainable businesses, and improve quality of life. In the climate sector, entrepreneurship has emerged as a force to tackle the impact of climate change on a sustainable basis.

This approach supports the “[triple bottom line](#)” concept coined by John Elkington, combining profit-making with the well-being of the planet and its people.



Concept of the Triple Bottom Line

Entrepreneurship plays a vital role in mobilizing private investment and driving innovation for climate solutions. Entrepreneurs are at the forefront of developing and scaling technologies that mitigate climate change, making private sector involvement essential. However, Africa faces a funding challenge. To meet its climate goals and adapt to the impacts of climate change as outlined in the [Paris Agreement's Nationally Determined Contributions \(NDCs\)](#), [Africa needs \\$2.8 trillion](#) between 2020 and 2030. Of this amount, \$2.5 trillion is expected to come from international public and private sectors.

[Persistent](#) is Africa's Climate Venture Builder, and as a private sector venture capital investor and Venture Builder, we believe that the key to unlocking the [\\$2.8 trillion](#) needed between now and 2030 is building resilient, scalable climate businesses in Africa. For over twelve years, Persistent has invested in [24 businesses](#) across Africa, primarily in the Energy Transition. We are focused on Venture Building local entrepreneurs and local teams in business that have a climate impact, a social impact in improving lives and creating youth jobs and entrepreneurship opportunities; and a gender impact in creating entrepreneurship and job opportunities for women and investing in products that benefit women.

Persistent is committed to the [2X Challenge](#), launched in June 2018 by development finance institutions (DFIs) from the G7 countries. The 2X initiative aims to unlock resources that advance women's economic empowerment and gender equality. Persistent's commitment to this challenge reflects our dedication to fostering a more inclusive and equitable entrepreneurial landscape. We ensure 2X compliance internally as an investment firm and collaborate with our portfolio companies to achieve this standard.



We have built a team of professionals who are largely based in Africa. Persistent also has strong female representation; **women represent 59% of our team, 50% of our investment committee, and 25% of Partnerships.** Our interest in being gender inclusive stems from our belief that diverse leadership teams drive better business outcomes and foster innovation.



59%

women representation in our team



50%

women representation in our investment committee (IC)



25%

women representation of our partnerships



“

Persistent collaborated with Rahel Kosch, a graduate student at IMC Krems University of Applied Sciences in Krems, Austria on her Master's thesis, "Women Sustainable Entrepreneurship: Strategies for Women to Overcome the gender gap in the Climate Supportive Sector

”

Aligned with our mission to enhance our work with women and enrich our strategies for advising female entrepreneurs, we collaborated with [Rahel Kosch](#), a graduate student at IMC Krems University of Applied Sciences in Krems, Austria on her Master's thesis, "Women Sustainable Entrepreneurship: Strategies for Women to Overcome the gender gap in the Climate Supportive Sector." in Q4 of 2023 and Q1 of 2024.

Rahel's research aimed to understand the inhibitors to women's entrepreneurship, particularly in the climate sector in Kenya. By engaging directly with women entrepreneurs, she sought to identify the challenges they face and strategies that helped overcome them. We provided her with the platform and network to facilitate this research.

Rahel's research methodology consisted of systematic literature analysis and oral interviews with female climate entrepreneurs in Kenya.



THE CURRENT STATE OF CLIMATE FINANCE AND GENDER

Currently, climate finance inflows to [Africa amount to about \\$30 billion annually, which is only 12% of the required funding](#). Supporting climate-focused entrepreneurs with investment capital is a crucial component to bridging this financing gap and ensuring that the continent can achieve its climate objectives. Even at current levels of investment, entrepreneurship in the climate sector is expected to grow. A study by McKinsey's [State of Business Building report](#) says 92 percent of executives say that new businesses built in the next five years will address sustainability to some extent—and 42 percent expect to put sustainability at the center of their new businesses' value proposition.

While the gap in funding remains, there has also been a challenge in ensuring equity of participation across genders and marginalized groups in the expansion of investment into climate businesses. Reports from the [World Economic Forum](#) and the [UN Women](#) highlight that, despite progress, substantial efforts are still needed to achieve gender equality in economic and political empowerment as well as other critical areas. This is particularly true in [Africa](#).

Women represent a much smaller portion of climate sector entrepreneurs, with only [11% of female-led startups](#) securing seed funding in emerging markets.



This is of concern since women have shown demonstrably [stronger engagement towards environmental issues](#) as a result of their heightened [vulnerability to climate change](#) than their male counterparts. Studies have further shown that women-owned companies lead to [economic advances and social progress](#). Gender disparities in entrepreneurship stem from deeply [enshrined socioeconomic, and culturally discriminatory gender norms and practices](#). To counter the climate crisis successfully, we need to fully tap into all human potential – including that of women.

LOOKING BEYOND OUR 2X GENDER COMMITMENT

The 2X Challenge calls on companies to meet [specific](#) criteria that promote gender equality. These goals include increasing women's ownership, leadership roles, workforce participation, and creating products that benefit women. Investors who join the 2X Challenge are encouraged to ensure that their portfolio companies meet these standards, aiming for compliance within two years.

At Persistent, our investees are early-stage, and we are proud that 80% of our portfolio companies are 2X compliant, meeting at least one of the 2X criteria related to women's ownership, leadership, workforce participation, supply chain, or products that benefit women.

We continue to support initiatives that enhance female representation through specialized training programs and academies offered by our partner companies. For instance, [SolarTaxi](#) has implemented a [Female Engineering Academy](#), and [Rensource](#) created the [Resource Energize Her Initiative \(REHI\)](#). Those programs encourage women to pursue careers in either the e-mobility or renewable energy sectors, which are predominantly male-dominated industries, by providing mentorship, internship opportunities, and resources.



Solartaxi's Female Academy cohort in Accra, Ghana.



The Rensource Team during their Rensource Energize Her Initiative (REHI) at the University of Lagos, Nigeria.

CHALLENGES FACED BY FEMALE ENTREPRENEURS

Rahel's interviews showed that female entrepreneurs face challenges like discrimination, limited access to financing, and restricted networking opportunities. These barriers make it harder for them to access markets, capital, and business skills, thus appearing "riskier" to investors despite [potentially higher levels of impact](#). Societal views on gender roles also impact women's self-perception and confidence. The thesis categorizes these barriers on three levels: macro-national (laws, culture, and political economy), meso-organizational (organizational practices and hierarchies), and micro-individual (personal identities and ambitions influenced by societal and organizational contexts).

With Rahel's focus on Kenya, she interviewed ten professionals in the climate sector, including Kenyan entrepreneurs from different areas in the climate sector. She aimed to understand the barriers they face in their respective fields.

Rahel noticed that there is also a connection between women's lack of access to financing with racial and gender biases. [Research by An Economy for All](#) has shown that women entrepreneurs, particularly women of color, face barriers due to a wide range of reasons, mentioning that a lack of diversity in the investor community might fuel these discriminations.

The businesses represented included a sustainable brand in homewares, eco-friendly home care products, a sustainable fashion brand and supply chain platform, a renewable biofuel production company, a solar cooling company, a machine learning engineer for climate data, a sustainability consultant, energy lawyers, and ecosystem support professionals.

Through these interviews, Rahel discovered that every interviewee reported facing one or more barriers, both general and gender-specific. For example, eight out of ten interviewees cited a lack of access to financing as a significant barrier, linking it to limited growth and insufficient support for the businesses they are involved in.

“ *One interviewee noted, I have just been using my savings to grow the business, and in that sense, it has also limited our growth. Another added, It's very difficult to continue doing entrepreneurship or to have a thriving business without working capital.* ”



Cultural roles and traditions based on the African context also limit women's entrepreneurial efforts.

One of the entrepreneurs mentioned during her interview that she struggles with fundraising, which requires the inclusion of her male director. She stated, *“Fundraising is tricky. I need our commercial director, who's a white male, to always be in the meetings with me; that makes it easier.”*

Stereotypical images of women and societal gender roles are another major barrier some of the interviewees stated. One interviewee mentioned being asked, *“How do you see yourself running a business while your co-founder is unavailable, pregnant, and going to give birth?”*

Another recounted being told by a male counterpart, *“There is no way a younger woman will tell ‘me’ what to do.”*

Cultural roles and traditions based on the African context also limit women's entrepreneurial efforts. One interviewee said, *“They think women should not be taking men's jobs but should focus on running their own homes.”*

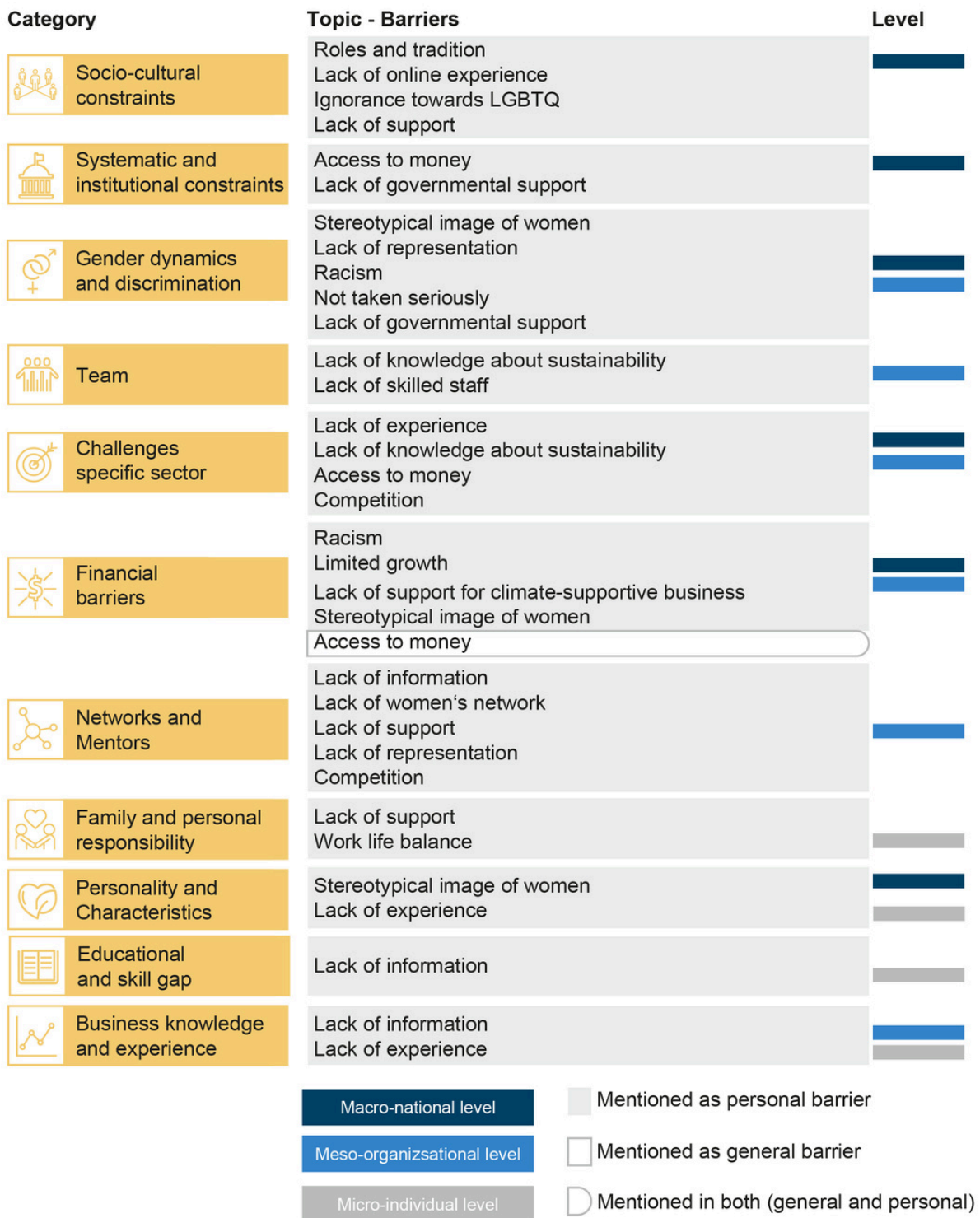
Another added, *“In the African context, I'm supposed to be married with children now.”*

In line with the above, work-life balance was identified as a barrier by several interviewed women. It should be noted that while both men and women may struggle with balancing professional and personal lives, in Africa, traditional roles often require women to take on more childcare and household responsibilities, making it challenging for them to have a healthy work-life balance. An interviewee mentioned *“Another challenge I face is work-life balance. Entrepreneurship is demanding; even at home doing chores, I still think about work...”*

One interviewee expressed frustration with dealing with government and regulatory processes, however, it seems evident that this is a general issue rather than a gender-specific bias. She stated, *“We want to take some steps in my business but we are stuck with regulatory things. The Kenyan government is the one that's slowing us down right now.”*



Rahel broke down her data as follows:



This diagram, created by Rahel, summarizes the key elements of the barriers mentioned by interviewees, classifying them under three levels: macro-national, meso-organizational, and micro-individual. It also distinguishes between personal and general barriers, with topics marked accordingly. The diagram includes 22 different topics, categorized based on frequency and context, showing whether they were personal experiences, general issues, or both.

To understand how these women have overcome these barriers, we'll explore two categories. One is their strategies to boost investment and business growth and the other reflects the internal operating structures that promote female equity. These approaches work at the meso-organizational level (within organizational hierarchies) and the micro-individual level (personal strategies). However, it's important to note that these strategies don't address macro-national barriers like gender dynamics and access to financing, which require broader systemic changes beyond individual control.

The strategies used by women entrepreneurs to boost investment and grow their businesses are varied and practical, often focusing on self-investment and education. Recognizing the skill gap in a male-dominated industry, many women pursued formal education and hands-on experience to deepen their knowledge and establish credibility with clients and investors. This dedication often required significant extra effort to earn trust and build strong relationships, which could help in growing their businesses.

“ Eight out of the ten interviewees highlighted the importance of community and mentorship ”

They actively sought guidance by joining professional networks, participating in accelerator programs, and identifying role models to learn from. One interviewee shared that her strategy focused on networking rather than direct fundraising. These diverse strategies demonstrate the dedication and resourcefulness of these women entrepreneurs in overcoming challenges and growing their businesses.

Several women fostered a supportive team spirit within their companies, promoting unity and reducing the effects of discrimination. By creating an inclusive and collaborative workplace culture, they ensured that all team members felt valued and respected through internal policies.

They took proactive approaches to address discrimination, with some women choosing to speak up whenever they faced such issues. Others who had issues with work-life balance said to have leveraged the support of their families to manage their home-related responsibilities to focus more on building their businesses.

One interviewee mentioned that the support she received from her family was the non-limiting mindset of her father which made her feel she could achieve anything. She recounted, ***“My dad never stereotyped us. He raised us to believe we could achieve anything, even in fields traditionally dominated by men...”***



RECOMMENDATIONS

While the thesis does not represent a comprehensive look at gender barriers to female entrepreneurs in other countries, the anecdotal evidence demonstrates that the barriers to women in the climate sector are real and tangible. Women entrepreneurs are “in the trenches” every day fighting a tougher battle than their male counterparts in trying to build sustainable climate businesses.

Rahel's thesis emphasizes that addressing macro-national barriers, such as laws and policies, at the meso-organizational (within organizations) or micro-individual (personal actions) levels can offer only partial solutions. Achieving long-term success in creating entrepreneurial opportunities for women requires support from higher-level, macro-national representatives. This includes raising awareness about discrimination, adapting government laws to favor women, and addressing financial gaps. We agree with this perspective.

To provide a more in-depth approach, we endorse the numerous recommendations made in recent years by academics, research bodies, development finance institutions (DFIs), and non-governmental organizations amongst others, shown as in the following pages.

- **Enhance Educational Opportunities for Girls:** To tackle gender disparities, it is essential to address educational inequalities. According to [UNICEF](#), 12 out of 17 countries that have not yet reached gender parity in primary education are located in Sub-Saharan Africa. While a chunk of this can be related to harmful gender norms, it should be noted that general causes like poverty, geographic remoteness, armed conflict, lack of school infrastructure, and poor-quality education contribute to this issue. [In sub-Saharan Africa](#), for every 100 boys out of school, there are approximately 115 girls in the same situation due to gender norms prioritizing boys' education over girls' and viewing girls' primary roles within the household. To address this, [Save the Children](#) recommends engaging communities to raise awareness about the importance of girls' education and providing financial incentives to families to encourage school attendance. Additionally, governments and NGOs should prioritize educational initiatives that increase school enrollment and retention for girls, particularly in STEM fields. Programs like [Educate A Child](#), [African Girls Can Code Initiative](#), and [Campaign for Female Education \(Camfed\)](#) are a few working to tackle this issue.
- **Increase Women's Participation in Leadership:** Companies should adopt policies that promote gender equality in the workplace, including equal pay, flexible work arrangements, and diversity training programs. A report by [Gender Smart](#) has shown that gender-diverse fund management teams deliver 10-20% higher net IRR returns compared to non-gender-diverse teams, and venture capital firms with increased female partner hires see higher fund returns and more profitable exits. Organizations can work to tailor leadership training to women, preparing them for senior roles in various industries, including the climate and sustainability sectors. venture capital and private equity investors are missing out on substantial value by not investing in diverse founders and including women in leadership positions to enhance decision-making and business outcomes.
- **Investor Readiness Programs to Scale Women-Owned Businesses:** Many early-stage ventures face substantial gaps in their business models, preventing them from accessing investment capital. In 2022, [Acumen](#) found that although 40% of companies in their pipeline were women-founded or owned, they could only invest in 20% due to unmet investment criteria. Providing investor readiness programs can help scale women-owned businesses and make them more attractive to investors. These programs should address business model development, revenue generation, and clear value propositions, thereby enhancing women's access to investment and support. At Persistent, we stand ready to assist promising women entrepreneurs by offering Venture Building assistance even before we invest.



- **Expand Gender-Lens Investing:** Encourage more venture capital firms to adopt gender-lens investing principles, considering gender-based factors in investment decisions. The 2X Challenge has successfully [mobilized over \\$4.5 billion](#) to support women’s economic empowerment by focusing on investments that benefit women. Hundreds of capital providers have adopted the [2X Challenge](#), reaching thousands of businesses globally. For example, 2X Challenge has announced [The 2X Challenge 2024-2027](#) which commits \$20 billion to investing in women. Fellow investors are highly recommended to join and contribute to this initiative to further amplify its impact.
- **Creating Loans and Credits for Women-Led Businesses:** Financial institutions should develop loan and credit products tailored to the needs of women entrepreneurs. [Forgivable loans and zero- or low-interest loans](#) offer early-stage ventures the chance to prove themselves. For instance, [The Social Innovation Academy’s Purpose Pool](#) in Uganda offers philanthropy-backed, small revenue-based loans to early-stage refugee entrepreneurs. [Women’s World Banking](#) also offers innovative financial products, including loans with flexible collateral requirements and lower interest rates, specifically designed for women entrepreneurs.
- **Enhance Financial Literacy, Business Skills, and Mentorship programs:** From the interviews described in this paper, it was apparent that a lot of the women entrepreneurs mentioned a need for women’s networks and mentorship to enhance their business skills. Therefore, curating these types of programs targeted at women entrepreneurs can be highly beneficial. For example, the [Goldman Sachs 10,000 Women initiative](#) provides women entrepreneurs with business and management education, mentoring, and networking opportunities, empowering thousands of women globally.
- **Women’s International Seed Funds:** [Seed investment](#) provides startups with the funding needed to cover the expenses of the earliest stages of business development, it is the first stage of investment for a startup — the funding given to start scaling the business idea or product. Since most women find it hard to scale their businesses at the earliest stage where investors see them as “risky” international seed funds could then be instrumental in supporting women entrepreneurs at the early stages of their businesses. An example is the [Female Founders Fund](#) which has identified this gap and now invests in women-led businesses across various sectors like climate tech, healthcare, software solutions, etc.



CONCLUSION

The potential of women remains untapped. According to [USB Group AG](#), If women and men were to participate equally as entrepreneurs, global GDP could rise by 3-6%, boosting the world economy by USD 2.5-5 trillion.

Rahel Kosch's interviews support the view that women entrepreneurs in the Kenyan climate sector face difficult gender-driven barriers to success. Funding challenges are prevalent, with difficulties in securing suitable funding often stemming from gender-related discrimination. While developing personal strategies is essential for immediate coping, systemic changes are crucial for long-term success and the empowerment of women entrepreneurs. Collaborative efforts at all levels—individual, organizational, and national—are necessary to create a more equitable and supportive environment for women to thrive.



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