

UPDATE: IMPACT INVESTING IN THE PHILIPPINES

INVESTING IN WOMEN FACTSHEET, JUNE 2023

This factsheet provides an overview of trends in impact investing and gender-lens investing (GLI) in the Philippines, based on updated data on impact investment deals for 2020-22. It draws on a series of studies commissioned by Investing in Women (IW) analysing the regional impact investing landscape since 2007. It includes data on investment by Private Impact Investors (PIIs), such as fund managers, family offices, foundations and others, and Development Finance Institutions (DFIs), who are government-backed financial institutions that provide finance to the private sector for investments promoting development.

IMPACT INVESTING IN THE PHILIPPINES: LATEST TRENDS, 2020-2022

- By number of deals (66), the Philippines is the second-largest impact investing market in Southeast Asia.
- However, in terms of capital deployed (USD 649 million), Philippines ranks fifth below Vietnam, Indonesia, Thailand and Singapore.
- Around three quarters of all deals in the country have ticket sizes below USD 5 million, of which half were below USD 100,000 - indicating that PIIs have focused on seed and pre-seed stages).
- 21% of all deals focused on growth stage companies with deal sizes above USD 5 million; all of these deals were led by Development Finance Institutions (DFIs) and constitute 96% of total capital deployed in the country.

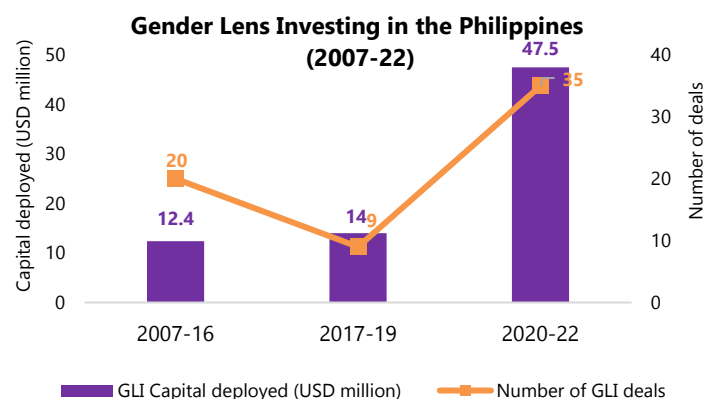
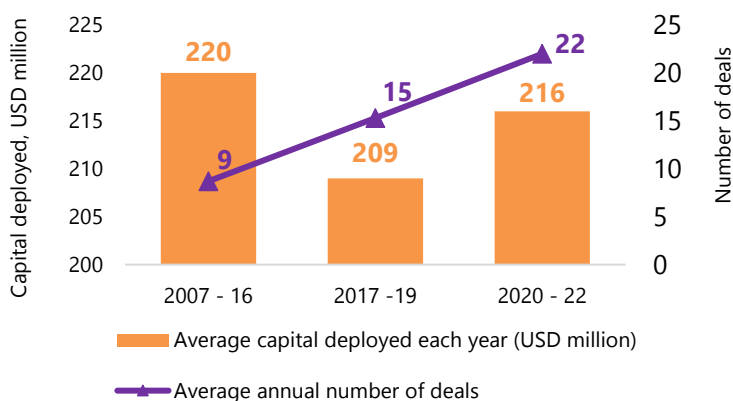
	Capital deployed (USD million)			Number of deals		
	2007-16	2017-19	2020-22	2007-16	2017-19	2020-22
DFIs	2,120.7	522.3	632.3	37	16	18
PIIs	86.5	105.6	16.3	51	30	48
Total	2,207.2	627.9	648.6	87	46	66

Gender Lens Investing in the Philippines

- Between 2020-2022, the Philippines reported 35 investments with an explicit gender lens (5 by DFIs and 30 GLI PIIs).
- 28 of 35 GLI deals were made by impact investors based in Philippines.
- Deals with ticket sizes larger than USD 5 million focused on financial services and information and communication technology (ICT). All were led by DFIs.
- 60% of GLI deals had an average ticket size of less than USD 0.05 million, indicating that new GLI investors are identifying smaller businesses for initial investments at smaller ticket sizes.
- A majority of PII-led GLI deals used the gender ownership strategy for investment. Other strategies received less focus.
- All DFI-led GLI deals were into gender-focused products and services. These were deployed in businesses that target loans for women small or medium sized enterprises (SMEs) or platforms for women traders/retailers.

Period	GLI strategies for deals		
	Gender ownership	Gender products & services	Gender equity
2007-2016	2	7	20
2017-2019	7	6	8
2020-2022	30	6	3

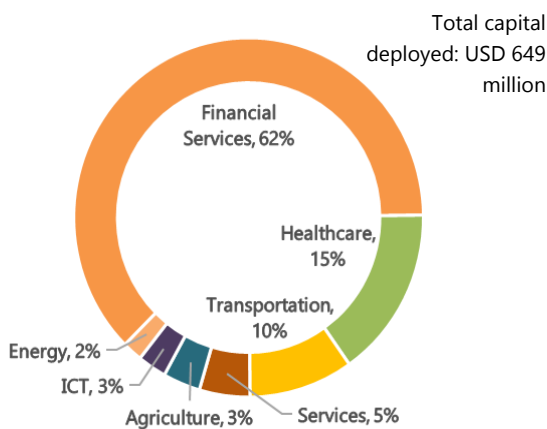
Impact Investing Trends in the Philippines, 2007-2022



IMPACT INVESTING IN THE PHILIPPINES

Impact Investing Sectoral Highlights in the Philippines, 2020-2022

- The highest number of investments in the Philippines were in **financial services, ICT, agriculture and services sectors** in 2020-2022.
- In terms of capital deployed, financial services, ICT, transportation and healthcare emerged as prominent sectors.
- Most deals in financial services were in commercial banking and platform-based businesses. The majority of investments in this sector were by DFIs. The average ticket size of DFI investments in financial services was about USD 50 million, and USD 0.6 million for PII.
- ICT received increased attention from both DFIs and PII and leads the number of deals executed. Within ICT, the focus was on e-commerce, livestreaming apps and enterprise resource planning software.



Instruments of investment, 2020-2022

- **36 of the 66 deals between 2020 and 2022 were debt based and 22 equity based.** About 81% of the capital was deployed through debt deals.
- Agriculture and financial services witnessed the highest debt deal volume, constituting 58% of all debt deals.
- About 59% of equity deals were made in ICT and financial services sectors, largely in e-commerce and financial technology platforms.
- The average ticket size for debt deals was USD 47.38 million and USD 5.8 million for equity deals.

PII and DFI Investments Trends in the Philippines, 2020-2022

19 PIIs invested USD 16.3 million in 48 deals between 2020 - 2022

8 DFIs invested USD 632.3 million in 18 deals between 2020 - 2022

- **Capital flows from PIIs plummeted** by 84% from 2017-19 to 2020-22; all PII deals had ticket sizes below USD 5 million. Capital flows from DFIs were up 19% over the same period.
- However, PIIs made a **greater number of investments** in the Philippines compared to DFIs (from 59% of the deals between 2007-2016 to 73% between 2020-2022).
- Several **PIIs with a local presence have emerged** over the last three years; however, they typically made small ticket size investments.
- **Average ticket size** for PII impact deals was USD 0.34 million; compared to a range of USD 10 million – 50 million for DFI deals.

