

# ACCESS TO CAPITAL & WOMEN'S ENTREPRENEURSHIP

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# MOTIVATION



## **Women-owned micro/small/medium enterprises are less profitable and stay small**

- WMSMEs face a multitude of economic and social constraints, especially in LMICs (e.g., Ubfal, 2024).



## **(W)MSMEs cite access to finance as their #1 barrier to growth**

- In imperfect credit markets, capital grants and micro-credit may help fill the financing gap for (W)MSMEs. Microfinance has exploded – with smaller, group loans often targeted at women.



## **Evaluations of interventions to improve women's access to capital have proliferated**

- Over the last 20 years, studies have used RCTs and quasi-experiments to evaluate rigorously the impacts of microfinance and grants on entrepreneurship, including by women.

# CONTRIBUTION TO KNOWLEDGE GAPS



We focus on individual-liability loans and grants, with gender-disaggregated results

Banerjee et al. (2015), Meager (2019):

Cai et al. VoxDev review (2023):

Graney et al. (2024):

Bruhn et al. (2025):

mainly **joint-liability** microcredit, null/varying impacts

all microfinance, **male and female** borrowers

gender-focused synthesis, not **systematic review**

formal **SME** loans, largely from banks, not gender-lens



We consider women's enterprise outcomes (revenues/profits, creation/survival, employment)

Buvinic and Gokhroo (2023):

women's **economic empowerment** outcomes



We also explore frontier innovations, that by their nature do not yet have RCT evaluations

Larger loans, alternative credit scoring, digital credit, mobile wallets, debiasing...

# SYSTEMATIC REVIEW DESIGN

## STUDIES INCLUDED

- LMICs
- **Google Scholar** key word search\*
- **Forward citations**
- Studies written in **English**
- Published **up to December 2024**

## STUDIES EXCLUDED

- **Not** published in peer-reviewed journals, or working paper series with a degree of peer review
- Did not report **business outcomes**
- Focus only on **joint liability** credit
- Or individual-liability credit **only**
- **bundled** with other interventions
- Contained **exclusively male samples**; or **did not report results for women as a sub-group**

## FINAL SELECTION

- **27 studies identified**
- Most in SSA and SA
- Interventions vary significantly in the size of the grants, loans offered, and the types of firms and individuals.
- **Outcomes measured varied significantly across studied – making meta-analysis or summary estimates difficult.**

*\*key words: women, female, gender, micro-enterprises, small and medium enterprises, entrepreneurship, credit, credit constraints, access to finance, grants, loans, financial access, randomized controlled trial, randomized experiment and instrumental variables*

# STUDIES FOUND (27)



## Grants: 14 studies

- **Fourteen studies** that randomize access to financial grants to existing women entrepreneurs, or women who had limited prior income-generating activities
- **Country coverage:** Uganda (3), Ghana (2), Sri Lanka (2), Kenya, Tanzania, Niger, Burkina Faso, Tunisia, and Zambia. One study on Ghana and Sri Lanka



## Loans: 10 studies

- **Ten studies** that randomize access to credit to existing women entrepreneurs, or women who had limited prior income-generating activities
- **Country coverage:** Ethiopia (2), Bangladesh, Bosnia and Herzegovina, Colombia, India, Mongolia, Pakistan, the Philippines, and Sri Lanka

## Grants and Loans: 3 studies

- **Three additional studies** that compare grants and loans: from Egypt, Uganda, and one paper estimating new results from other studies

# MAIN FINDINGS: GRANTS



## Grants may not work for women's enterprises, only if targeted at high performers

1. **Some success stories** for women's microenterprises (Blattman et al., 2014, Janes et al., 2019...)
2. **But, almost half of all evaluations including grants show no significant gains for women's enterprises – even if impacts are positive for men's enterprises** (de Mel et al., 2008, 2009, 2012; Fafchamps et al., 2014...).
  - Funds are **diverted** especially when husbands are involved (Gazeaud et al., 2023).
  - **Household income** may increase, not women's firm outcomes (Bernhardt et al., 2019).
3. **Effects are often only significant for higher-performing women's enterprises** – not smaller or subsistence firms, or new enterprises (Fafchamps et al. 2014; Janes et al., 2019).
  - More autonomy? Market access? Higher-return sectors?
  - Implications for targeting, and objectives – firm growth vs broad-based livelihood support

# MAIN FINDINGS: IN-KIND GRANTS, GRANTS+



## In-kind grants may be at least as effective as cash

- Comparable in Sri Lanka and Mexico (de Mel et al., 2008; McKenzie & Woodruff, 2008).
- In-kind grants are more effective in Ghana (Fafchamps et al., 2014) and Egypt (Crépon et al., 2024).



## Grants plus training packages have mixed value-add, and are expensive

- Capital plus skills training – and psychosocial support – can boost women’s business outcomes more than capital alone (Blattman et al., 2016; Bossuroy et al., 2022).
- But in Kenya and Zambia, **multifaceted packages shows no added gains over financial packages or pure cash** (Botea et al., 2023; Brudevold-Newman et al., 2023).
- And in Tanzania, grants helps men but not women even paired with training (Berge et al., 2015).

# MAIN FINDINGS: GRANTS vs. CREDIT

No evidence that grants dominate loans, even paired with training

 Direct comparisons of loans vs. grants show impacts are similarly positive...

- Crépon et al. (2024) find grants & loans have similar positive impacts for women microentrepreneurs.
  - Since all participants were loan-eligible, the results cannot speak to outreach or targeting.

 ... or that neither instrument works for women's enterprises

- Bernhardt et al. (2019) & Fiala (2018) find little impact of loans or grants for women's businesses.
- Fiala (2018) shows strong profit effects of loans for **men**, especially when paired with training.

# MAIN FINDINGS: CREDIT



## Individual-liability microloans improve outcomes only for high-performing women-led firms

- Expanding access raises borrowing, but **no gains** in profits or business outcomes for women (Attanasio et al., 2015; Karlan & Zinman, 2011) or **only for better-performing women-led firms** (Augsburg et al., 2015).



## Flexible repayment can boost investment and profits, with mixed impacts on default

- **Grace periods for existing women borrowers work**, but *increase default* (Field et al., 2013).
- **Repayment flexibility for graduated women borrowers works**, *reducing default* (Battaglia et al., 2023).
- **Flexibility for first-time borrowers simply increases default** (Brune et al., 2022).



## Larger loans show promise in some contexts, but high collateralization is the status quo

- In Pakistan, **large loans with training** had little effect for **women**, some for **men** (Giné & Mansuri, 2021).
- In Ethiopia, large loans with training work for growth-oriented women's enterprises (Alibhai et al., 2025).
- **Psychometric credit scoring** expands access to large uncollateralized loans for women, and improves firm survival during COVID-19 – though growth impacts are muted (Alibhai et al., 2022).

## Non-traditional data helps credit scoring, reducing collateral

- Psychometric tests, mobile & transaction data can predict creditworthiness, helping to reach thin-file women borrowers. **Gender-specific scoring matters.** (Arraíz et al., 2017; Alibhai et al., 2019; Bryan et al., 2021; Chioda et al., 2024; Lu et al., 2019).

## Mobile and digital credit can lower traditional barriers

- Mobile money can support women's entrepreneurship (Riley, 2022), but mobile credit has limited reach and impact for now (e.g., Suri et al., 2021).
- Peer-to-peer lending and crowdfunding show promise (Bazarbash & Beaton, 2020; Greenberg & Mollick, 2014; Cordaro et al., 2022).

## Digital tech can support micro-equity and supply-chain finance

- Early RCT evidence is positive, but evidence for women is limited (Fischer, 2013; de Mel et al., 2019; Bari et al., 2021; Cordaro et al., 2022).
- Digital technologies such as POS could help reduce monitoring costs.

# RESEARCH FRONTIER: DEBIASING

## Credit

- In some contexts, women are still approved for credit less often, receive smaller loans, and face stricter collateralization (Montoya et al., 2020; Alibhai et al., 2019; Brock & De Haas, 2023).

## Equity

- Women-led firms are far less likely to receive PE/VC funding (IFC, 2019). In Africa, all-male teams raise 25 times more funding than all-female teams (With et al., 2019).
  - Women are asked different questions (Kanze et al., 2018, 2020).

## Solutions

- Structured assessment criteria, experienced assessors, and female-led branches reduce bias and attract more women (Miller et al., 2023; Alibhai et al., 2019; Beck et al., 2013).

# IMPLICATIONS FOR POLICY & RESEARCH

**1** Grant and loan interventions should pay careful attention to **targeting**.

**2** **Redesigning credit products** can increase their relevance for WMSMEs.

**3** **Digital financial services** must continue to evolve to drive WMSME growth.

**4** Access to capital should be conceived as a **continuous pathway**, not a one-off.



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Thank you