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Investing in Women-Centered Finance with Education

THE CHALLENGE

Globally, women are more likely than men to live in poverty.¹ With fewer educational and employment opportunities,² they are also more likely to work in the informal economy,³ often managing small businesses to support their families. Underserved by traditional banks, many female microentrepreneurs lack access to the financial services and training needed to sustain and grow their businesses, which in turn hinders their ability to earn an income, build economic resilience, and support the well-being of their households.⁴ Across Latin America and the Caribbean, almost one-third of women lack access to financial services, and in Sub-Saharan Africa that rises to more than half of women.⁵

THE OPPORTUNITY

Global Partnerships' Women-Centered Finance with Education (WCFE) initiative bridges this gap. It channels loans (via our affiliated funds) to microfinance institutions (MFIs) that provide financial products and educational services to female entrepreneurs living below the international poverty lines of \$5.50 and \$3.20 PPP per person, per day.⁶ WCFE is Global Part-

nerships' longest-running investment initiative and the largest by capital invested by our funds, both cumulatively and in the funds' current portfolios.⁷ Through our WCFE investments, we have deepened our understanding of the challenges faced by low-income, female microentrepreneurs and sharpened our focus on gender-informed products and services that empower them to earn a living and improve their lives.

For example, MFI partners in our WCFE initiative utilize group lending to overcome key obstacles that low-income women face in accessing financial services. Group lending is accessible to women who have yet to establish a credit history or own an asset, and who do not have the time, means, or ability to travel to a bank given socioeconomic position and gender norms. Group loans rely on peer-based referrals, solidarity guarantees, and proximate loan meetings, replacing the burdensome underwriting, collateral requirements, and time and travel costs associated with loans from traditional banks.

Group lending also helps women successfully use their loan. Regularly occurring meetings, facilitated by a loan officer and led by members of the group, pro-

1. "Gender Equality in the 2030 Agenda for Sustainable Development." UN Women, 2018, page 2. <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2018/SDG-report-Fact-sheet-Global-en.pdf?la=en&vs=3554>.

2. "Progress of the World's Women 2015-2016." UN Women, 2015, Chapter 2, p. 71. <https://www.unwomen.org/en/digital-library/publications/2015/4/progress-of-the-worlds-women-2015>.

3. *Ibid.*, p. 14.

4. "Access to Finance; Barriers, Themes and Constraints: A Primer." The World Bank, Accessed February 8, 2024. <https://digitalforwomen.worldbank.org/access-finance>.

5. "The Global Findex Database 2021 Report." The World Bank, 2021, Tab for figure 1.1.6 (cells I618 and I630). <https://thedocs.worldbank.org/en/doc/f303147790cec3f939e011f7b74f22c4-0050062022/original/Data-for-Figures-Ch-1.xlsx>.

6. Purchasing Power Parity (PPP) is a metric that compares different countries' currencies through a "basket of goods" approach.

7. As of December 31, 2023.



vide opportunities for training in basic financial literacy, business skills, and broader topics such as women’s health and economic empowerment. These meetings do more than impart information; they establish trust and empower female microentrepreneurs. Over the years we have witnessed leading partners in WCFE innovate how they design and deliver educational content, rooting their work in the lived realities and needs of their female clients.

THE IMPACT

Our investment thesis in WCFE is about creating impact both *for* women living in poverty and *through* them for their families. With access to working capital loans and education, female microentrepreneurs living in poverty can stabilize or increase their incomes, build economic resilience, and invest in the well-being and food security of their households.

Over the past five years we have worked with an impact measurement company, 60 Decibels, to survey 18 of our MFI partners in WCFE across 11 countries in Latin America and Sub-Saharan Africa.⁸ Surveyed female clients of these MFIs reported:

Impact For Women

Improved quality of life	94%
Increased ability to manage their finances	88%
Increased ability to save money	78%
Increased income	71%
Greater contribution to household decisions	71%

Impact Through Women

Higher quantity and quality of household meals	74%
More money spent on home improvements	74%
More money spent on kids’ education	63%

THE IMPLICATIONS

Women have been at the center of Global Partnerships’ mission since we were founded thirty years ago. Given these compelling results, our funds will continue to prioritize investing in partners who design their products and services to meet the needs of women living in poverty.

In addition, Global Partnerships and our MFI partners will keep talking with female clients to deepen our understanding of their experiences and the outcomes enabled by our funds’ investments. Insights from this data will continue to inform our decisions as we choose new MFI partners and as we support current partners’ in refining their products and services to better meet the needs of female clients. In so doing, we hope to improve the flow of capital to partners that are enabling positive impact both for and through women.

8. Out of the surveys of these 18 social enterprises, 13 included a question regarding household decision-making, and 14 included a question about ability to save money. All other questions listed were included in all 18 surveys.

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