pro mujer

March Blog

Global Partnerships Blog - 8M Campaign

Investing in Financial Inclusion with a Gender Approach

The challenge

Globally, women are more likely than men to live in poverty.[1] By having 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 women microentrepreneurs lack access to the financial services and training needed to sustain and grow their businesses, which in turn hinders their ability to earn income, develop greater economic resilience and support the well-being of their households.[4] In Latin America and the Caribbean, nearly one-third of women lack access to financial services, and in sub-Saharan Africa this figure rises to more than half of women.[5]

The opportunity

The Global Partnerships' Women-Centered Finance with Education (WCFE) initiative contributes to closing this gap. Through this initiative, loans (from our affiliated funds) are channeled to microfinance institutions (MFIs), such as Pro Mujer, which provide financial products and educational services to women entrepreneurs living below the international poverty lines of $5.50 and $3.20 PPP per person, per day.[6] WCFE is Global Partnerships' oldest investment initiative and the largest in capital invested by our funds, both cumulatively and in the funds' current portfolios.[7] Through our investments in WCFE, we have deepened our understanding of the challenges faced by low-income women microentrepreneurs and sharpened our focus on gender-responsive products and services that empower them to drive their economic growth and improve their lives.

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

[2] "Progress of the women in the world 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] Ibíd., p. 14.

[4] "Access to financing; Barriers, issues and constraints: introduction. World Bank, accessed February 8, 2024. https://digitalforwomen.worldbank.org/access-finance [5] "Findex 2021 global database report". World Bank, 2021, figure tab 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 the currencies of different countries

using a "basket of goods" approach.
[7] As of December 31, 2023.

The impact

Our WCFE investment thesis seeks to create impact both *for* women living in poverty and, *through* them, for their families. With access to working capital loans, along with education services, microentrepreneurs living in poverty can stabilize or increase their incomes, develop greater 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 WCFE partner MFIs in 11 countries in Latin America and sub-Saharan Africa.[8] The surveyed clients of these MFIs stated:

Impact for women	
Improved quality of life	**94%**
Increased ability to manage finances	**88%**
Increased ability to save money	**78%**
Increased revenues	**71%**
Increased contribution to household decisions	**71%**
Impact through women	
Increased quantity and quality of meals at home	**74%**
More money designated for home improvements	**74%**
More money allocated towards children's education	**63%**

The implications

Women have been a central focus of Global Partnerships' mission since our founding thirty years ago. Given these compelling results, our funds will continue to prioritize investing in partners that design their products and services to meet the needs of women living in poverty, as we have seen Pro Mujer do over the years.

In addition, Global Partnerships and our partner MFIs will continue our dialogue with clients to deepen our understanding of their experiences and the results that are achieved through the investments of our funds. The knowledge derived from this data will continue to inform our decisions, both when choosing new microfinance institutions and when supporting existing partners in enhancing their products and services to further meet clients' needs. In doing so, we hope to improve the flow of capital to those institutions that enable positive impact for and through women.

[8] Of the surveys of these 18 social enterprises, 13 included a question on household decision making and 14 included a question on the ability to save money. All other questions listed were included in the 18 surveys.