Catalysing financing for women-owned businesses

To help fund women-led businesses in developing countries, ITC is creating an alliance of impact investors and development finance institutions. The first impact investor to join the alliance is GroFin, which specializes in financing and supporting small and growing businesses across Africa and the Middle East. In collaboration, GroFin and ITC launched SheTrades Invest in December 2018. The goal of SheTrades Invest is to increase investment into women-owned businesses in developing countries.

Women in developing countries encounter substantial challenges when starting, expanding and managing a business. Lack of access to finance and weak capacity regarding financial matters means that women-led businesses are severely underserved by the traditional financial sector.

Women-led businesses struggle to access finance

There are many gender-related challenges regarding finance, including regulatory and cultural barriers, and 70% of women are shut out from access to financing. To obtain financing, women often resort to their own funding mechanisms, such as informal ‘savings clubs’, or use personal networks of family and friends. While this may keep the business running, it does not provide sufficient capital for large-scale growth.

A growing body of research demonstrates that women’s participation and empowerment in trade is essential to unlocking a country’s full economic potential. Empowerment of women will accelerate the achievement of the SDGs, specifically SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 17 (Partnerships for the Goals).

Capacity building, access to investors

Through SheTrades Invest, ITC can help strengthen the financial and managerial capacity of women entrepreneurs, and match them with impact investors and finance. In February 2019, for example, GroFin and ITC organized a workshop for women entrepreneurs in Nairobi on connecting women to appropriate finance.

The alliance of investors will invest different forms of capital – equity, debt and grants – in vetted and eligible small and growing businesses to create economic growth and jobs for women.
To begin the process of identifying and screening potential businesses, SheTrades Invest launched an expression of interest in January 2019 through its current network. In two weeks, the initiative received more than 570 applications from women entrepreneurs in 14 countries, each seeking different types of financing.

ITC expands investor-alliance network

More than 100 of the women entrepreneurs who applied were introduced to GroFin and are under consideration for funding. ITC’s investor network is therefore seeking to expand its alliance further with impact investors and development finance institutions, so that a larger number of entrepreneurs and countries can benefit from the initiative.

As part of the first stage of SheTrades Invest, GroFin will invest €10 million in women-owned businesses in the 14 countries where it already operates: Côte d’Ivoire, Egypt, Ghana, Iraq, Jordan, Kenya, Nigeria, Oman, Rwanda, Senegal, South Africa, Tanzania, Uganda and Zambia.

Since 2004, GroFin has raised $500 million from development finance institutions, international development agencies and private impact investors and invested in more than 700 microenterprises and SMEs.

Source: ITC.