

2024 LEARNING BRIEF

# Gender Inclusive Lending for Agriculture in Africa



## Introduction

This learning brief builds upon initial findings published in [2022](#) highlighting Aceli's approach to partnering with a marketplace of 40 financial institutions to promote gender inclusive lending for small- and medium-enterprises (SMEs) in the agriculture sector in East Africa. It begins with a background on Aceli's model and our approach to promoting gender inclusion. It then presents data and learning on gender inclusion trends across 2,306 Aceli-supported loans totaling \$204M (up from 467 loans totaling \$62M in the 2022 brief). We also share insights from capacity building on gender lens investing for financial institutions and pre-investment technical assistance for women-owned agri-SMEs.

Throughout the document, we highlight learning questions that are guiding the design and iterations of Aceli's offering as well as the partnerships and enabling policies required to achieve gender inclusion across the agri-SME market and beyond. For example: beyond output metrics such as the number and percentage of employees and farmers who are women, how does the quality of jobs compare on a sex-disaggregated basis between enterprises owned by women and men? Aceli and our data and learning partners 60 Decibels and the International Growth Centre are gathering evidence on outcomes and impact at all three levels – owners, employees, and farmers – and we look forward to sharing these findings alongside the ever expanding pool of output data on loan metrics going forward.

In the context of addressing the finance gap for agricultural SMEs, Aceli believes a “both / and” approach will optimize economic opportunities for women and unlock their capacity to contribute to a thriving food system.

### 1. Targeted interventions are needed to address historic barriers and increase access to finance specifically for women entrepreneurs. Over the past four years, Aceli's lending partners have made notable progress in reaching more women-owned agri-SMEs.

- ✦ Aceli's financial incentives along with gender lens capacity building offered by our partner [Value for Women](#) are increasingly motivating changes in lenders' strategy, product offering, and customer outreach. For example, with access to incentives and tailored advisory by Value for Women, one Kenyan bank developed a dedicated strategy and loan product that generated an increase in the number of loans to women-owned agri-SMEs from three (valued at \$273k) to 54 (valued at \$3.3M) in just three years. More broadly, 69% of Aceli's lending partners report that over the past year they have increased their focus on serving women-owned businesses while the rest remain unchanged.<sup>1</sup> Meanwhile, the demand from lenders for gender lens advisory doubled from 2023 to 2024 as more financial institutions seek to develop concrete strategies to match their ambitions to serve women customers.
- ✦ It is well-documented that women typically own fewer assets that can be used for collateral than men and therefore struggle to meet the borrowing requirements from commercial banks. To address this disparity and steer more capital to women-owned agri-SMEs based on their current borrowing

capacity, Aceli adjusted our incentives in August 2023 by reducing the minimum size for loans to women-owned SMEs from \$25k to \$15k. With a much larger pool of women-owned businesses now within our loan range, the share of Aceli-supported loans going to women-owned businesses has almost tripled from 8% pre-adjustment to 22% post-adjustment. The capital additionality on these loans is high with 75% of the 340 women-owned agri-SMEs accessing a loan of \$15k+ for the first time.

While these trends are encouraging, sustained efforts are needed to overcome the longstanding gender gap for access to finance among agri-SMEs.

### 2. Beyond steering capital to women-owned businesses, promoting gender inclusion for both women- and men-owned agri-SMEs can create economic opportunities for millions of women employees and farmers. Aceli has aligned our impact bonus for gender inclusion to the [2X criteria](#) developed by leading international investors.

- ✦ The 1,327 agri-SMEs (57% of the total Aceli-supported loans to date) that meet the Aceli gender inclusion criteria have a significantly different gender composition in their employees and farmer suppliers (44% and 36% women, respectively) than those that do not meet the criteria (just 25% and 22%, respectively). Notably, men-owned enterprises that meet the gender inclusion criteria – roughly half of the men-owned SMEs receiving Aceli-

<sup>1</sup> [Aceli 2024 Financial Benchmarking Report](#)

supported loans fall into this category – employ and source from women at similar rates as women-owned businesses.

- ✦ By raising awareness about gender inclusion through sex-disaggregated data, financial incentives, and capacity building, Aceli is motivating lenders to steer more capital to gender inclusive agri-SMEs regardless of ownership (while providing an additional incentive for lenders to finance women-owned businesses, as described further below). This shift in lenders’ orientation creates a “market pull” for agri-SMEs to adopt gender inclusive practices. To reward inclusive practices for the frontrunners and motivate behavior change across the market, more awareness, sustained incentives, and technical assistance is needed at both the lender and SME levels.

### TARGETING THE “MISSING MIDDLE”

Microenterprises are typically owned and operated by a sole proprietor with 0-2 full-time employees and are targeted by microfinance, while corporate businesses typically have 100+ full-time employees, established human resource functions, and access to finance from commercial banks and Development Financial Institutions. Aceli focuses on the 'missing middle': enterprises that are too large for most financial inclusion interventions but that struggle to access finance from formal sources. Aceli specifically targets SMEs that employ at least five full-time employees (FTEs) and/or aggregate produce from at least 25 smallholder farmers. The average SME receiving an Aceli-supported loan employs 16 FTEs and provides market access for 512 farmers. From the perspective of gender inclusion, SMEs offer both distinct opportunities and challenges relative to microenterprises.

Two examples of Aceli-supported loans illustrate how lending to agri-SMEs can promote gender inclusion at different levels:



A woman-owned business in Kenya received its first formal loan of \$21k from a commercial bank to finance maize aggregation. The SME has twelve full-time workers (4 female) and purchases from 45 smallholder farmers (11 female). Under the terms of a new financial product that the bank developed for women entrepreneurs with support from Aceli-supported capacity building and partially in response to our financial incentives, lower collateral requirements allowed the business to qualify for a larger loan than it would have previously. There is a large volume of enterprises with a similar profile that have historically been underserved by traditional lenders. Facilitating access to finance for this market segment could generate substantial economic opportunities for these business owners as well as their workers and farmer suppliers.



A man-owned rice processing enterprise in Tanzania received its first formal loan of \$86k in 2023. This loan enabled the entrepreneur to increase purchases and processing of rice from 1,500 smallholder farmers (including 800 women), and to employ 20 workers (eight women). Although this business is man-owned, it qualifies as gender inclusive since 53% of its farmer suppliers and 40% of its employees are women. Within a year, the business returned for a second loan of \$172k and has ambitious plans for growth.

## BACKGROUND

Aceli Africa is a market catalyst designed to increase lending to high-impact agri-SMEs. Launched in 2020, Aceli is currently working in Kenya, Rwanda, Tanzania, Uganda, and Zambia with 40 partner financial institutions, including commercial banks and non-bank financial institutions domiciled in the region as well as international impact investors. Aceli aims to mobilize \$1.6B in lending to 20,000 agri-SMEs by 2030. We believe that more reliable access to finance will unlock the growth and impact potential of these businesses, especially for women entrepreneurs, employees, and farmers. Lenders participating in the Aceli incentive program are eligible for:

- i. **portfolio first-loss coverage** to increase lender risk appetite with an initial focus at launch on loans ranging from \$25k-\$1.75M;
- ii. **origination incentives** to compensate for the lower revenues and higher operating costs of making smaller loans ranging from \$25k-500k to early-stage SMEs that might not otherwise be profitable to serve even if the loan repays at a market interest rate.

Aceli's incentives are tiered to reward loans for first-time borrowers and for higher impact SMEs that contribute to: economic inclusion of women & youth, food security & nutrition, and climate & environment. As noted in the introduction, in August 2023 Aceli lowered the minimum loan size for our incentives from \$25k to \$15k for loans to agri-SMEs that are majority-owned by women and/or youth. Over the past year, this change and other adjustments to our incentives have had a significant effect on access to finance for both women and youth entrepreneurs. More detail on Aceli's incentives is available [here](#).

## Why gender inclusion for agri-SMEs?

According to the World Bank, women account for 40% of the workforce as farmers and employees in the agriculture sector across Sub-Saharan Africa.<sup>2</sup> While country- and sector-specific statistics are not available, data from the Global Entrepreneurship Monitor indicates that **women own an estimated one in four high-growth enterprises globally**.<sup>3</sup> As entrepreneurs, women face greater constraints than their male counterparts in accessing assets such as

titled land, capacity building, technology, and finance. As producers, women face challenges in accessing inputs and markets. Finally, as workers, women face constraints related to skill development, household expectations, discriminatory hiring and salary practices, and lack of basic policies and practices that create a decent and safe working environment. Additionally, agriculture is considered a high-risk sector when it comes to gender-based violence. These obstacles, among others, have hindered the growth of women-owned businesses and economic opportunities for women workers and farmers. There is a need for targeted and sustained interventions to address longstanding inequities and unlock the potential for women to fully contribute to and benefit from a thriving agriculture sector.

## Gender inclusion financial incentive for lenders

Aceli's financial incentives for lenders include a gender inclusion bonus lightly adapted from the [2X Criteria](#) used by leading development financial institutions. Under the 2X criteria<sup>4</sup> for the agriculture sector, an investment is gender inclusive if it meets at least one of the following:



### ENTREPRENEURSHIP

majority owned by women (51% or more), or founded by a woman.



### LEADERSHIP

at least 30% of women in senior leadership positions, such as management roles, board membership, or other executive positions.



### EMPLOYMENT

at least 40% of women in the overall workforce and demonstrate an intention to maintain or increase this percentage.<sup>5</sup>



### CONSUMPTION

>51% of a company's products or services directly benefit women, enhancing their economic participation and empowerment.

<sup>2</sup> Note: this figure is well below the often-cited figures of 60-80%. Source: Christiansen, Luc, and Lionel Demery, eds. 2018. *Agriculture in Africa: Telling Myths from Facts*. Directions in Development. Washington, DC: World Bank. doi:10.1596/978-1-4648-1134-0.

<sup>3</sup> GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2022/23 Women's Entrepreneurship Report*.

<sup>4</sup> Aceli's gender inclusion criteria are benchmarked to the original 2X criteria and may be adjusted as the 2X standard evolves based on market feedback.

<sup>5</sup> Note: The 2X employment criteria further requires a quality indicator where an investee goes beyond compliance with local law to address barriers to the quality of women's employment with evidence of implementation (examples include childcare, transportation, wage equity, non-discrimination policies). As discussed in the 2022 learning brief, while Aceli is fully supportive of assessing the quality of women's employment and not just counting jobs, we decided that it was not practical – and would not generate reliable data – to require lenders and their agri-SME customers, which typically lack formal human resources staff, to report on these areas.

Upon launching in 2020, Aceli introduced a fifth criterion for **farmer suppliers** given that much of the impact generated by agri-SMEs is through their crop purchases from smallholder farmers. Specifically, we adopted the same 40% threshold that is used by 2X for employment. 2X has recently revised its criteria to incorporate a similar criterion for suppliers.

## Increasing finance for women-owned agri-SMEs

In conducting analysis on Aceli-supported loans in 2023, we noted that the majority of loans met the gender inclusion standard – with most qualifying on the basis of employees or farmer suppliers – but only 8% were going to women-owned businesses. In discussing this data with lenders, we repeatedly heard that they see women entrepreneurs as an underserved and attractive customer segment based on their high levels of repayment. However, most women entrepreneurs lack the collateral to qualify for loans of \$25k+, which was the minimum threshold for Aceli’s incentives at the time.

To address the gender imbalance and steer more capital to businesses majority owned by women or youth age 35 and under (at the time, youth received an even smaller share of Aceli-supported loans at just 4%), Aceli made three adjustments to our incentives in August 2023:

- ✦ lowered the minimum loan sizes from **\$25k to \$15k**;
- ✦ lowered the annual revenue threshold from **\$50k to \$30k**; and
- ✦ rewarded lenders with an additional origination incentive of **\$1k** for each qualifying loan.

In parallel with these incentive adjustments, we also expanded our capacity building for lenders on Gender Lens Investing in partnership with Value for Women. This program has supported several lenders in defining tailored strategies to better serve women entrepreneurs. Lastly, we targeted outreach to women entrepreneurs to participate in pre-investment technical assistance so more of these enterprises are ready to access and manage financing.

Since implementing these changes, we have seen a significant increase in the share of loans going to women-owned businesses, from 8% prior to the changes to 22% in the 12 months since (and now 15% overall since 2020). The increased numbers are from the same lenders and 75% of the loans are going to agri-SMEs accessing a loan of \$15k or more from any lender for the first time. Four lenders have tripled the number of loans to women-owned SMEs over the past year. Lender demand for advisory support

from Value for Women is over-subscribed and several have begun offering financial products tailored to women entrepreneurs with reduced collateral requirements and preferential interest rates.

The dataset reported here covers the 2,306 loans registered for financial incentives from September 2020 – June 2024. These loans have collectively employed 38k full-time workers and purchased produce from 1.1M smallholder farmers. We highlight notable trends and also call out specific areas that merit additional action and learning.

**\$204M** IN TOTAL LENDING TO 2,306 AGRI-SME LOANS

**\$88K** AVERAGE LOAN SIZE

**39%** OF THE 38K FULL-TIME WORKERS ARE WOMEN

**34%** OF THE 1.1M FARMER SUPPLIERS ARE WOMEN

## Beyond ownership: Gender inclusion

Aceli’s methodology for assessing eligibility for the gender impact bonus allows us to collect sex-disaggregated data at various levels within SMEs, making it possible to observe how increased capital flows benefit women beyond just enterprise ownership. This type of data, typically not captured by financial institutions, especially commercial banks, has provided them with deeper insights into their portfolios and a clearer understanding of the impact they generate through job creation and market opportunities for women and youth. When we present this data to Aceli lending partners, it garners enthusiasm from senior leadership and reinforces institutional commitment to agri-SME lending. The data also shines a light on opportunities for lenders to develop tailored products and services as illustrated in the Family Bank example on page 11.

Prior to launch, we set a target of 30% of Aceli-supported loans meeting the gender inclusion standard in line with the threshold used by 2X for a gender inclusive investment portfolio. While we were encouraged that the majority of Aceli-supported loans qualified as gender inclusive, we decided there is an opportunity to incentivize and reward lending to agri-SMEs that exceed the minimum criteria. We therefore split the criteria into two sub-categories: **leadership** (ownership, senior leadership, and board) and **participation** (employees, suppliers, and products). A loan to an SME that meets only one criterion is considered gender inclusive and receives an impact bonus, while loans to agri-SMEs meeting at least one criterion in both the leadership and participation sub-categories earns a double bonus. **To date, 1,327 of the 2,306 total loans have qualified as gender inclusive (57%) with 212 (9%) qualifying solely on the basis of leadership, 669 (29%) qualifying solely on the basis of participation, and 446 (19%) qualifying under both leadership and participation.**

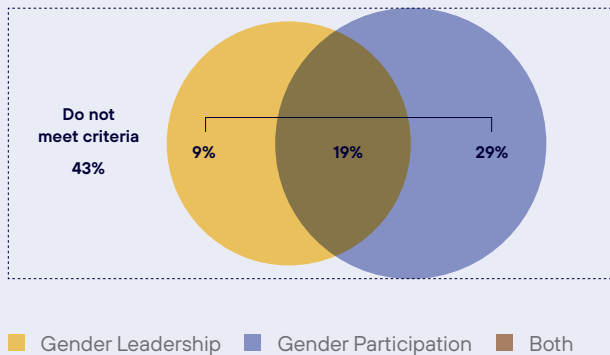
Among the pool of agri-SMEs receiving Aceli-supported loans, those that meet Aceli’s definition for a gender inclusive enterprise have a significantly higher proportion of female workers (44%) and suppliers (36%) than those that do not meet gender inclusion (just 25% female workers and 22% female suppliers). This gap demonstrates the importance of being able to identify and steer capital and capacity building to enterprises that are gender inclusive as a targeted strategy to improve economic opportunities for women. Depending on the context and resources available, there may be benefits to targeted interventions promoting gender inclusion with SMEs that do not yet meet the gender inclusion standard.

Our data reveals that more than half (58%) of the gender-inclusive loans meet the criteria based on the composition of their employees, while 29% do so based on farmer suppliers. Notably, 44% of the gender inclusive loans meet the standard through senior leadership, which is well above the 26% that qualify based on women’s ownership (though we believe the 30% threshold of women in senior leadership positions is a low bar and note that 2X has recently increased the threshold for their standard to 40-45% based on context.)

Our data highlights an interesting dynamic: **74%** (987 out of 1327) of the loans meeting the minimum threshold for women’s representation in leadership, workforce or farmer suppliers are **majority men-owned**. This is significant as many interventions promoting gender inclusion focus narrowly on women-owned SMEs. **In addition to endorsing efforts to steer more financing to women entrepreneurs, we also advocate for increased attention and resources to promoting gender inclusion at employee and supplier levels among both women and men-owned SMEs in the agriculture sector and beyond.**

**Diagram 1.** Percentage of loans meeting Aceli’s gender inclusion criteria

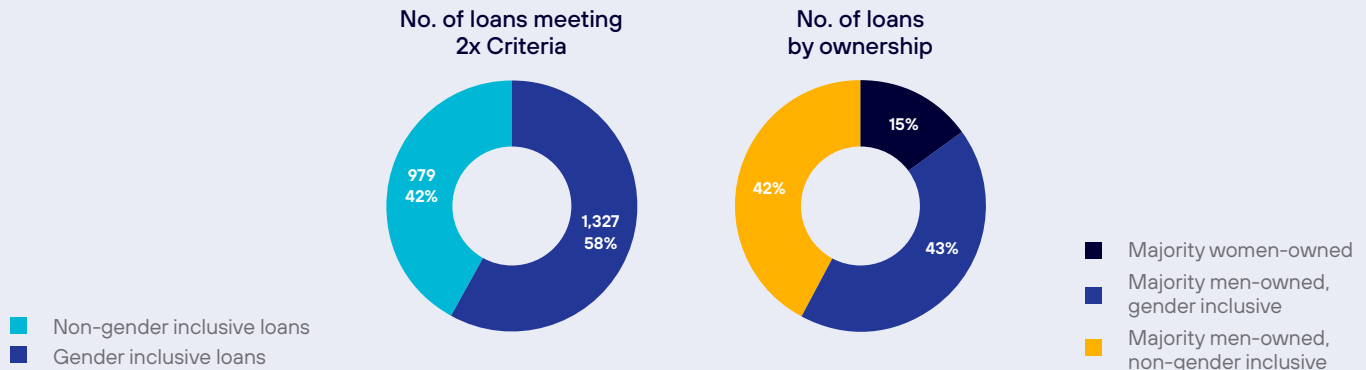
(1,327 loans as of June 2024)



**Diagram 2.** Aceli gender inclusion criteria

Threshold		No. of loans	% of gender inclusive loans
≥40%	Employees	771	58%
≥30%	Senior Leadership	577	44%
≥30%	Board Membership	411	31%
≥40%	Suppliers	382	29%
≥50%	Majority Shareholding	340	26%
≥50%	Products	19	1%

**Diagram 3. Gender inclusion and women’s ownership**

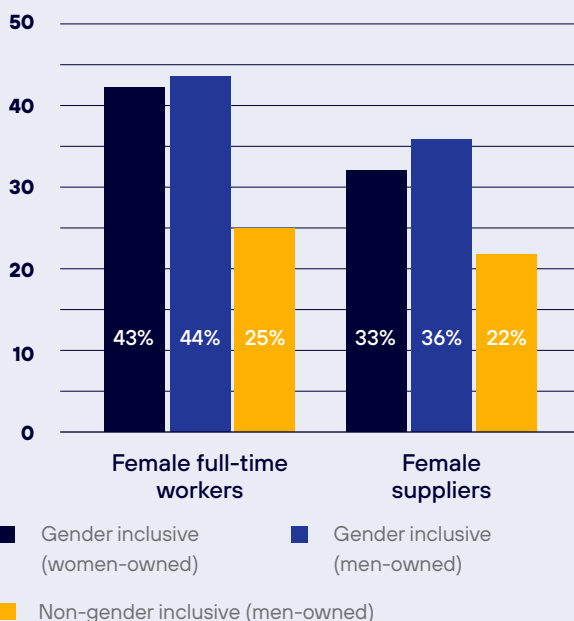


Several notable findings emerge when we compare three segments among the Aceli-supported loans: 1) women-owned businesses; 2) men-owned businesses that are gender inclusive; and 3) men-owned businesses that are not gender inclusive.

- ✦ **Worker composition:** Men-owned gender inclusive businesses employ a slightly higher percentage of women full-time workers (44%) compared to women-owned SMEs (43%); men-owned SMEs that are non-gender inclusive lag well behind at just 25%.


- ✦ **Total employment:** On average, men-owned SMEs are larger in size and employ more full-time workers (17) compared to women-owned businesses (10).
- ✦ **Farmer composition:** Men-owned gender inclusive SMEs also reach a slightly higher percentage of women suppliers (36%) as compared to women-owned SMEs (33%).
- ✦ **Total farmer supplier base:** Men-owned SMEs create more market opportunities with an average of 569 farmer suppliers as compared to 185 for women-owned SMEs.
- ✦ **Overall:** Notably, women-owned businesses are not employing women or purchasing from women farmers at higher rates than men-owned businesses that are gender inclusive. Further, while men-owned, non-gender inclusive SMEs have much smaller percentages of women employees and farmers, the sheer volume of businesses in this category means that they employ and purchase from a large absolute number of women (~4.5x more farmers and 3x more workers than women-owned SMEs in our dataset). **Given how many women are linked to these SMEs, we believe it is important first to learn more about the quality of employment and service provision for women farmers by these SMEs (both men-owned and women-owned) and then to identify interventions to improve their gender inclusive practices.** These could involve promoting awareness of the benefits of a diverse workforce, offering additional incentives for inclusive hiring practices, and providing capacity building opportunities to help these businesses adopt more gender-equitable policies and practices.


**Diagram 4. Worker and farmer composition**



**Diagram 5. Impact metrics**

	# loans	# of full-time workers	# of female full-time workers	# of smallholder suppliers	# of female suppliers
Gender inclusive (women-owned)	340	3,462	1,505	61,820	20,147
Gender inclusive (men-owned)	987	24,342	10,793	817,730	294,168
Non-gender inclusive (men-owned)	979	10,968	2,743	278,537	62,103
<b>Total</b>	<b>2,306</b>	<b>38,772</b>	<b>15,041</b>	<b>1,158,057</b>	<b>376,418</b>

 **To what extent are the men-owned SMEs that meet gender inclusion criteria doing so through intentional employment and/or sourcing strategies?**

 **What approaches can incentivize and support all SMEs to improve the quality of employment and services to women employees and farmers?**

 **What interventions are particularly effective for men-owned, non-gender inclusive agri-SMEs to improve their gender inclusion practices?**

On the whole, men-owned businesses are significantly larger, with an average annual revenue of \$688k, as compared to women-owned businesses, whose average revenue is \$356k. Thus, on an absolute dollar basis, men-

owned businesses generate more economic activity overall, and specifically for women, than their women-owned counterparts. To be clear, we are not endorsing the entrenched cultural practices that have led to this status quo, nor are we suggesting that men-owned businesses should be targeted for gender inclusion programs over women-owned businesses. Rather, we are highlighting the current landscape and the importance of a “both / and” approach that:

1. Promotes women’s entrepreneurship and proactively supports access to finance and capacity building for women entrepreneurs; and also
2. Recognizes that there is a wide range of practices when it comes to gender inclusion among both men- and women-owned businesses with some performing relatively well, albeit not always intentionally and with room for improvement, and others lagging well behind. Across this full spectrum of enterprises, there is an opportunity to raise awareness and support more intentional approaches that align gender inclusion with business performance.

**Diagram 6. Revenue and payments**

	Average annual revenue	Average annual payments to full-time workers	Average annual payments to farmer suppliers
<b>Women-owned businesses</b>	\$356K	\$11K	\$167K
<b>Men-owned businesses</b>	\$881K	\$27K	\$478K
<b>Overall Average</b>	<b>\$639K</b>	<b>\$18K</b>	<b>\$323K</b>

<sup>6</sup> Aceli defines first-time borrowers are those that had not accessed loans valued at \$15K (for women-owned) or \$25K (for men-owned) over the past three years.

<sup>7</sup> International Trade Centre (2024). Access to Finance for Young African Entrepreneurs: Insights from YEI Community. ITC, Geneva.

Most Aceli-supported loans to women-owned businesses are at the lower end of our loan size range. Thus, the average loan size for women-owned businesses stands at \$52k compared to \$95k for men-owned businesses. While loans to women-owned businesses tend to be smaller, these loans also have **higher capital additionality** with **75%** of women-owned businesses accessing finance for the first time,<sup>6</sup> compared to 59% of men-owned businesses.

## Gender and youth

Similar to women-owned businesses, youth-owned businesses often face challenges in securing financial resources, particularly from formal institutions.<sup>7</sup> A survey by the International Trade Centre revealed that 76% of youth-led firms identified access to finance as an obstacle to current operations. A leading barrier is the informal nature of many youth-owned businesses, which often lack the capacity to demonstrate creditworthiness, maintain financial records, or provide collateral.

Alongside our focus on gender inclusion, Aceli aims to catalyze lending to agri-SMEs that are owned by youth, employ youth, and/or source from youth farmers. In the absence of an international standard such as 2X for gender inclusion, Aceli created an impact standard for youth inclusion based on our gender inclusion criteria. Currently, 207 (9%) of agri-SMEs receiving Aceli-supported loans are majority owned by youth aged 15-35 years and 81% of these are first-time borrowers. A youth-owned business is defined as one that was founded by a youth aged between 15-35 years or is majority owned by a youth (>50% shareholding).

The incentive adjustments made in August 2023 that increased the share of lending to women-owned businesses from 8% to 22% have also had a significant effect on lending to youth-owned enterprises, with an increase from 4% to 14%. The share of Aceli-supported businesses that are women-owned and also youth-owned is modest but growing (currently 14% or 46 of the 340 loans to enterprises that are women-owned). Interestingly, a smaller share of men-owned businesses are also youth-owned (8% or 161 out of 1966). We recognize that there is an opportunity to increase financing to youth-owned businesses, particularly those led by young women. Aceli aims to apply learning from our gender inclusion efforts, including the partnership with Value for Women on lender capacity building, to promote lender awareness and activation to serve youth-owned agri-SMEs.



**How do barriers faced by young women accessing capital for their businesses compare to those faced by middle-aged women?**

## Bias in lender practices?

Historically, women in East Africa, like their peers across the world, have faced barriers to realizing their economic potential. These barriers include cultural norms around holding land titles and other assets, social expectations about business ownership, and limited credit history. These factors collectively hinder women from accessing financing from commercial banks.

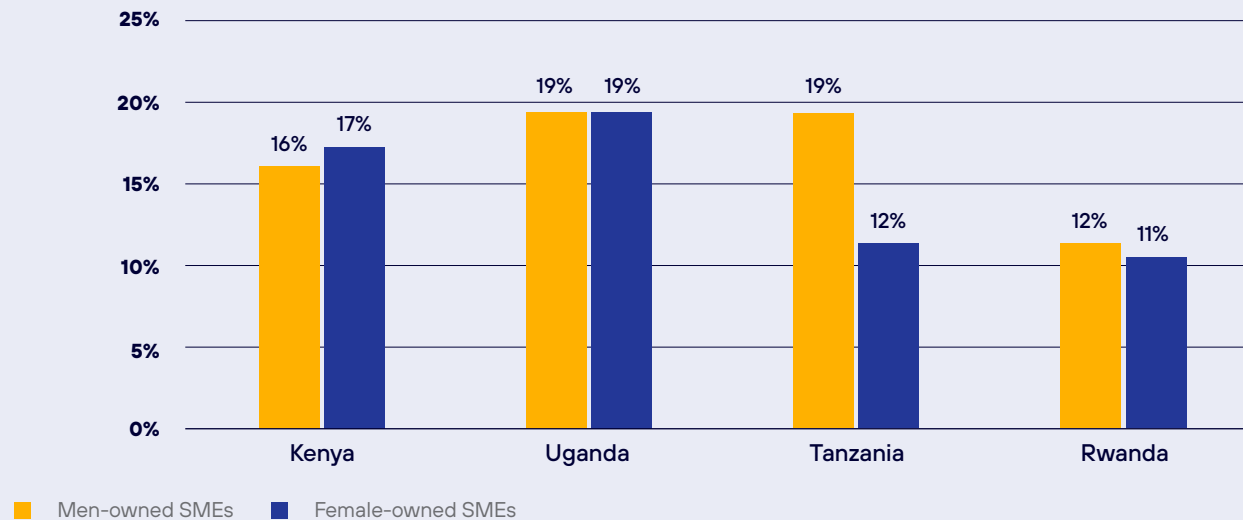
While women entrepreneurs are accessing smaller loans on average than their men counterparts (average loan size of \$52K vs. \$95K), we conclude that this disparity reflects cumulative inequities as opposed to active on-going discrimination by lenders against women entrepreneurs. On the contrary, many lenders report that they view women as lower-risk borrowers than men. Further, both women-owned and men-owned businesses receive about 90% of the amount requested from lenders. When comparing average loan amount to an SME's revenue in the prior year (as a proxy indicator for lender risk appetite), women-owned SMEs actually receive relatively larger loans than their men-owned counterparts (15% vs. 10%). Over the past two years, several lenders have developed products that are targeted to women-owned SMEs with lower collateral requirements and preferential pricing.

Interest rates are also comparable across most countries where Aceli is active, with the exception of Tanzania. There, women-owned SMEs access loans at an average of 12% compared to 19% for men-owned SMEs. This disparity is driven by one high-volume lender that offers preferential rates to women-owned businesses as part of a deliberate women's strategy.



**Do women-owned agri-SMEs in fact repay at higher rates than their men-owned counterparts?**

**Diagram 7. Average interest rate across countries**



## Lender capacity building

In addition to catalyzing lending to high-impact agri-SMEs, Aceli has partnered with Value for Women to offer capacity building for lenders on gender lens investing (GLI) or banking with a gender lens. The program focuses on first raising awareness and then supporting lenders to adapt their strategies, product offering, and processes with the ultimate goal of increasing financing for women-owned and gender-inclusive agri-SMEs. This program is offered in three phases:

- ✦ **Phase One:** A workshop series structured as a mini Fellowship for a cohort of representatives across many lenders to raise awareness at an introductory level on gender-lens investing / banking with a gender lens.
- ✦ **Phase Two:** An institution-specific gender diagnostic assessment that informs goal-setting and a gender action plan.
- ✦ **Phase Three:** Customized support for lenders to implement priority actions from the gender action plan.

To date, 80 individuals from 29 Aceli lending partners have completed the GLI Fellowship, five lenders have gone through Phase 2, and four have completed Phase 3. Notably, there is strong interest from lenders in the GLI program with over-subscription for the gender diagnostic and customized support services that has pushed Aceli and Value for Women to offer additional engagements to satisfy demand. Lenders are eager to participate for several reasons:

- 1. Market expansion:** In an increasingly competitive banking sector in East Africa, lenders recognize that women entrepreneurs are underserved and offer growth opportunities.
- 2. Emerging evidence:** There is a growing perception, informed partly by data from the microfinance / financial inclusion sector, that women-owned SMEs are more reliable borrowers than their men-owned counterparts; verifying this hypothesis would strengthen the business case for targeting women-owned SMEs alongside the compelling impact case.
- 3. Competition:** As more lenders market tailored products for women entrepreneurs, their competitors are racing to keep up.
- 4. Reputation:** Lenders increasingly recognize the importance of a strong gender inclusion strategy to burnish their brand with the general public, national governments, and international investors and donors.

Buy-in at all levels within a financial institution is critical for capacity building to be successfully integrated into a lender’s strategy and operations. Across our lending partners, we see a wide spectrum with the most successful cases being those where a strong endorsement by senior leadership cascades to middle managers responsible for implementation. In other cases, middle managers are slow to prioritize gender strategies despite support from senior leaders.

Among lenders that have completed all three phases of advisory, we are seeing shifts in commitment, capabilities, tools, and application of data across the following areas:

- ✦ Formalized commitment to gender through the development of an organizational gender strategy that includes concrete goals and measurable targets;
- ✦ Improved systems and processes for designing and launching tailored products to women customers;
- ✦ Awareness among staff in client-facing roles on gender differentiated needs and preferences among their target customers; and
- ✦ Internal policies and practices that support greater gender diversity and inclusion at all levels of the workforce.



#### CASE EXAMPLE 1: FAMILY BANK



Family Bank is a Tier 2, woman-led commercial bank in Kenya, with 92 branches countrywide. It is working towards qualifying for Tier 1 status and developing a holistic women's value proposition is a prominent feature in its five-year strategy toward this goal. With support from Aceli, Value for Women and Family Bank set out to improve its offering to women customers, with a focus on women-owned agri-SMEs.

The bank participated in all three phases of GLI capacity building. Following the gender diagnostic assessment by Value for Women, which revealed opportunity areas relating to data, staff capacity building, and customer-centric product design, Family Bank set out its priorities in a Gender Action Plan. To achieve its goal of improving outreach to women customers, the bank trained credit risk and front-facing staff on gender equality and integrated new data fields into its core banking system to enable sex-disaggregated data analysis across its loan portfolio. With this approach and complemented by Aceli's incentives, the bank has increased its financing for women-owned agri-SMEs from just three in 2021 to 16 in 2022 to 54 as of June 2024. There is also positive spillover beyond the loans Aceli is supporting as many of Family Bank's loans are now going to women-owned SMEs that fall below Aceli's minimum loan size threshold.



#### CASE EXAMPLE 2: MANGO FUND



Mango Fund is a woman-led, non-bank financial institution that supports Ugandan SMEs engaging in value addition in agriculture and manufacturing. The lender provides asset finance and working capital loans ranging from \$5,000 to \$75,000. Mango Fund received customized technical assistance support from Value for Women to develop a gender strategy and improve its origination approach targeting women entrepreneurs. The TA was delivered over seven months and Mango Fund has made significant strides in integrating gender into investment processes and increased their portfolio for women-owned business from 15% to 28% in two years.

## Pre-investment technical assistance to SMEs

In addition to incentives and capacity building on the capital supply side, Aceli builds the addressable demand by offering pre-investment technical assistance (TA) to prepare more agri-SMEs to access and manage finance.

**Participation.** In the first TA cohorts offered by Aceli and our partners in 2020-21, women owned businesses accounted for just 20% of participants. As part of our push to reach more women-owned businesses, we have developed partnerships with organizations such as Uganda Women's Entrepreneur Association Ltd to recruit more women-owned SMEs to the TA program. This targeted outreach is generating results with women-owned SMEs comprising 36% of participants in TA programs launched in 2023-24. While this figure is above the current level of women-owned businesses accessing loans and a positive lead indicator, we are aiming to reach 40% for our TA cohorts launching in 2025.

**Performance.** Based on data from TA programs that Aceli and our partners have offered to 323 SMEs<sup>8</sup> over the past four years, women-owned SMEs have engaged more productively in training: 76% of women-owned businesses have graduated from the program compared to 60% of men-owned businesses. This finding is consistent with lenders' perception that women-owned businesses are more reliable and therefore more likely to repay their loans and it contributes to the business case for channeling

<sup>8</sup> Only SMEs that graduated from the TA program

resources on both the capital demand and supply sides to improve access to finance for women entrepreneurs. We also accompany the TA with matchmaking to lenders for SMEs that are struggling to access finance. While we have had a couple of notable successes – including a Kenyan business that accessed a loan of \$195k to purchase cereals from 150 smallholder farmers for value-added processing – there is much more work to be done in bridging capital supply and demand. A forthcoming learning brief will focus on this topic.

**Beyond pre-investment TA.** To date, Aceli’s TA has focused on strengthening the capacity of agri-SMEs to access and manage finance. We also recognize the importance of promoting improved gender practices related to hiring, work conditions, compensation and benefits, and services to farmers. At the same time, we know that most agri-SMEs are in a constant struggle simply to survive. We therefore believe that promoting gender inclusion practices at the agri-SME level will be most effective when it is aligned with a clear and compelling business case for the enterprises. While we are not currently in a position to offer gender inclusion TA directly to agri-SMEs, we welcome partners that can address these needs.

## Looking ahead

Aceli is committed to accelerating gender inclusion in the agricultural SME sector and contributing to SDG 5 (Gender Equality) more broadly. To drive lending to women-owned and otherwise gender inclusive businesses, Aceli continues to evolve our service offering. For example, we will soon be extending our incentives to reach underserved enterprises through two new approaches:

- ✦ **Underserved geographies.** To increase lending to agri-SMEs in arid and semi-arid regions, areas with high poverty rates, and regions with limited access to financial services, we are introducing a “Geographic Bonus” in select regions of Kenya, Uganda, and Zanzibar, Tanzania. Loans above \$10k that meet qualifying criteria will receive higher incentives thereby lowering the barriers for smaller enterprises that lack sufficient collateral to access a loan of \$15k. We believe this bonus will encourage lenders to extend financial services to more women-owned and gender inclusive SMEs in these regions.
- ✦ **Savings and Credit Cooperatives (SACCOs).** SACCOs typically have lower collateral requirements and are more accessible both physically and culturally for smaller and less formal enterprises than commercial banks. By partnering with SACCOs,

beginning with a pilot in Kenya and Uganda, Aceli aims to reach underserved agri-SMEs, particularly those owned by women and youth that require more flexible lending terms.

We also continue to enhance our approach to data and evaluation. Recognizing that most of the data presented in this brief is output level, we are tracking outcomes tied to the business and impact performance of Aceli-supported loans. Key metrics include repayment rates, revenue growth, and satisfaction of enterprise employees and farmer suppliers. We aim to test the hypothesis that women-owned SMEs are more reliable borrowers than men-owned SMEs.

We are building on preliminary findings from surveys conducted at SME, employee, and farmer levels indicating that a large majority of SMEs accessing Aceli-supported loans are improving their business operations, increasing revenue, and offering better employment opportunities to workers and better services to more farmers. With an expanding pool of data over a longer period of time, we expect to draw more robust conclusions with sex-disaggregated findings at the entrepreneur, employee, and farmer levels. These findings will guide refinements in our offering and contribute to sector learning that can be applied more broadly across the market to promote finance for women-owned businesses and gender inclusion among all enterprises.

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