From Gap to Gain

How Financial Institutions Can Capture the Underserved Women's Market

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Table of Contents

Introduction

Women businesses are critical and underserved agents of the green energy transition

In today's financial ecosystem, integrating gender considerations is both an economic imperative and a strategic business opportunity for financial institutions (FIs). Women businesses[1] are critical agents of the green energy transition: research shows that women in leadership role are more likely to prioritise investments in renewable energy and energy efficiency, and women businesses are more likely to adopt cleaner energy solutions compared to their male counterparts.[2] A 1% increase in female managers, for example, has been shown to reduce CO_2 emissions by 0.5%.[3] Women make up 58% of Africa's self-employed population[4] and are more likely to become entrepreneurs than men, often driven by limited employment opportunities, representing a large and often underserved market segment. For FIs operating in the green energy space, this represents a concrete business opportunity since women businesses are more likely to adopt cleaner energy solutions compared to their male counterparts. To serve women businesses effectively, FIs must understand the unique challenges and preferences of this market segment and tailor their products and services to meet these specific needs.

While women businesses play a vital role in driving energy transitions, they face disproportionate financial exclusion

Women businesses face significant barriers that limit their ability to invest in and benefit from the clean energy transition. 66% of women in SSA do not have a bank account, compared to 54% of men.[5] Those in business are constrained by regulations and external factors such as funding, financial market dynamics (e.g. high collateral requirements, high interest rates), and gender norms that govern or influence the supply and demand for financial services. Lack of knowledge about financial products and services, limited financial track records, and insufficient female bank staff further hinder their access to finance. These gender-specific barriers are numerous and result in lower business capital, smaller workforce sizes, and a slower adoption of innovative practices among women businesses. In the green energy sector, their consequences are particularly severe: the IFC estimates the gender financing gap for women businesses active in the renewable energy sector in Sub-Saharan Africa at USD 8 billion for micro enterprises and USD 42 billion for small and medium enterprises (SMEs), directly limiting their ability to invest in and benefit from the clean energy transition.[6] Addressing these issues is crucial for empowering women businesses and fostering their access to necessary financing to promote a just energy transition.

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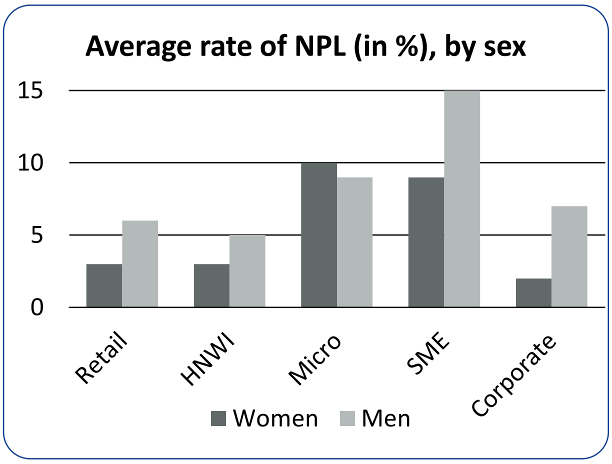
[1] Women businesses are defined according to the first 2X Challenge Criterion "Entrepreneurship & Ownership".
[2] Sustainable Finance Benefits from a Gender Lens, ADB, 2024.
[3] Does gender diversity in the workplace mitigate climate change?, European Central Bank, 2022.
[4] Gil top policy lessons on empowering women entrepreneurs, gender innovation lab, 2020.
[5] The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19.
[6] Building the Business Case for Women's Inclusive Financing in Last-Mile Renewable Energy Markets in Sub-Saharan Africa – Research Report, October 2022, ENERGIA.

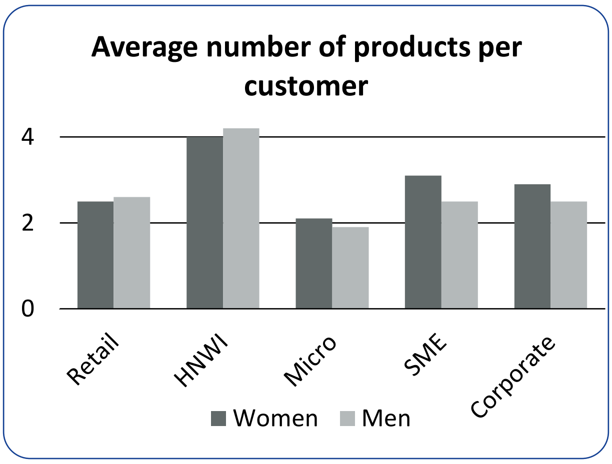
Box 1. Gender-responsive consumer finance in green energy

Gender-responsive green energy finance is often associated primarily with financing women businesses. Yet serving women as individual consumers is an equally important dimension for FIs. Women are often primarily responsible for household energy management, including fuel collection and cooking, which makes them key drivers for clean energy technologies such as solar home systems and clean cookstoves. Unlike male household members, women bear the direct time and economic costs of relying on traditional energy sources, costs that clean energy technologies can significantly reduce. Women individual clients have also demonstrated strong repayment behaviour in consumer lending, including in pay-as-you-go (PAYG) solar financing models. FIs can target this specific segment through consumer finance solutions tailored to the particular circumstances of women as individual clients, offering accessible and flexible financing for these technologies.

Why focus on reaching women business clients?

Figure 1. Women businesses represent a large and reliable market opportunity





Women clients (except micro entrepreneurs) represent lower credit risk, demonstrating better non-performing loan (NPL) ratios than male clients.

Women SMEs and corporates demonstrate deeper engagement with FIs, holding a higher number of products per customer than their male counterparts.

Source: GET.invest, with Financial Alliance for Women data.

The IFC estimates a USD 50 billion financing gap for women micro, small, and medium enterprises (MSMEs) in Sub-Saharan Africa.[7] For FIs, this financing gap is a strategic opportunity. As the gender-education gap narrows, women across the region are gaining knowledge and skills equal to their male

[7] MSME finance gap: assessment of the shortfalls and opportunities in financing micro, small, and medium enterprises in emerging markets, World Bank Group.

counterparts, further driving this market's growth. Women businesses are also proven to be high-quality clients, with lower default rates than men in almost every business segment, alongside strong product uptake.[8] While sex-disaggregated repayment data for the green energy sector specifically remains scarce, available evidence confirms that women in renewable energy markets are likely to exhibit similarly strong repayment behaviour, given that women on average have a higher rate of repayment than men even after controlling for loan size.[9] Tapping into this untapped client segment requires effort from the FI side.

Box 2. Indirect benefits of serving women business clients in the green energy sector

Besides the business potential of focusing on women businesses outlined in this section, there are further indirect benefits of focusing on serving women business clients in the energy sector

Reputational benefits

Launching products for women businesses in the green energy sector can enhance an FI's reputation by demonstrating a commitment to serving all market segments. By actively promoting gender inclusivity alongside clean energy solutions, FIs position themselves as leaders in inclusive and sustainable finance, enhancing customer loyalty and attracting clients who value forward-looking business practices. In markets where gender-responsive green finance remains nascent, early movers can gain a meaningful competitive advantage by establishing themselves as the preferred partner for women businesses in the energy sector.

Refinancing opportunities

Serving women businesses in the green energy sector can unlock attractive funding from international investors and DFIs focused on gender equality and clean energy finance, including dedicated gender-lens investment funds and blended finance facilities that specifically target the intersection of women's economic empowerment and the energy transition. Initiatives with measurable impacts on gender inclusion and contributions to clean energy access can qualify for concessional funding, grants, and guarantees, making FIs more attractive to a growing pool of investors who integrate gender and climate considerations into their investment decisions.

Regulatory alignment

Gender-responsive finance is increasingly moving from voluntary commitment to regulatory expectation. International frameworks such as Environmental, social, and governance (ESG) reporting standards, central bank reporting requirements and taxonomies are progressively incorporating gender-sensitive disclosure requirements, obliging FIs to report on the social and gender dimensions of their investments. A growing number of FIs are already taking action: over 500 financial service providers signed the Women Entrepreneurs Finance Code committing to take actions aimed at closing financing gaps for women businesses. Early adoption of gender-responsive practices in green energy finance is therefore not only a strategic opportunity but an increasingly important step in anticipating regulatory developments.

[8] Measuring the value of the female Economy, Financial Alliance for Women.

[9] Building the Business Case for Women's Inclusive Financing in Last-Mile Renewable Energy Markets in Sub-Saharan Africa – Research Report, October 2022, ENERGIA.

How to effectively reach the women business client group?

For FIs to sustainably incorporate gender aspects in green energy finance, developing tailored products alone is not enough. A phased approach is needed, starting with strengthening internal commitment across the institution, building a deep understanding of women businesses' needs, and then adapting products and services accordingly.

Figure 2. Phased approach to reaching women businesses

Strong internal commitment to gender finance anchored in the FI	Qualitative and quantitative understanding of women businesses' needs	Financial products & services tailored to the needs of women businesses
Design and adapt products and services based on the understanding of the client segment, addressing identified constraints such as collateral gaps, care burden, and limited mobility. Combine suitable green energy finance options with delivery channels and non-financial support and use targeted marketing to drive awareness and uptake.	Build a deep understanding of women businesses' needs by systematically collecting and using sex-disaggregated data, such as application and approval rates, loan sizes, NPLs, product uptake, and retention, alongside qualitative client insights. This evidence base helps identify gender-based barriers and which segments and delivery channels are most suitable.	Anchor gender finance in the FI's strategy and in staff incentives so it becomes a core business priority rather than a one-off initiative. This includes clear senior leadership ownership and promoting female employment and leadership within the FI to strengthen customer trust and improve the way women businesses are served.

Strong internal commitment to gender finance anchored in the FI

Commitment to gender finance should be anchored across the institution, with clear ownership and responsibilities that go beyond a small number of women champions and are backed by sustained management support. A gender strategy can help integrating gender considerations across the FI's operations, from product development and delivery channels to marketing and customer service, and where relevant, into internal practices such as gender-sensitive procurement. Strengthening women's employment and leadership within the FI is a core enabler of implementation, since a more gender balanced frontline, relationship management, and credit function can improve customer experience and help staff better understand and serve female clients. To translate commitment into execution, FIs should establish clear key performance indicators (KPIs) to track progress, identify challenges, and enable informed decision making, including clear definitions, measurement methods, update frequency, and mechanisms to ensure data accuracy and relevance.

Qualitative and quantitative understanding of women businesses' needs

FIs can deepen their understanding of women businesses through qualitative and quantitative market research, including interviews and the systematic collection and analysis of sex-disaggregated portfolio data. Relevant indicators include credit application and rejection rates, loan sizes, portfolio at risk (PAR) and NPL trends, product uptake and utilisation, customer retention, and cross product usage. Closing sex-disaggregated data gaps is essential to identify where women face friction in the customer journey, which segments offer the strongest potential, and which products, delivery methods, and marketing channels are most effective. Customer segmentation and the development of customer personas can complement portfolio analytics by translating data into practical insights on women businesses' constraints and preferences, supporting more targeted design and outreach.

Financial products & services tailored to the needs of women businesses

FIs can tailor existing financial products or develop gender-responsive offerings that better align with the preferences and constraints of women owned and women led businesses, including financing solutions for women led projects. A key focus is adjusting credit processes and lending practices, especially hard collateral requirements, which often pose a central barrier for women businesses. Recognising the hybrid nature of many women businesses, where business and personal responsibilities often intersect, helps FIs combine suitable products with services such as mentoring, networking, and other non-financial support. Delivery channels matter just as much as product design: refining how services are delivered, including through digital financial services,[10] can improve uptake among women who face time constraints linked to unpaid care work or who do not feel welcome at bank branches. Gender awareness training for relationship managers and loan officers can strengthen customer experience across channels and make branches more accessible and supportive for women clients. Finally, targeted marketing is important to reach women businesses who may be less likely to seek out financial services proactively and to clearly communicate the value proposition of gender-responsive green finance solutions.

[10] Promoting Women's Digital Financial Inclusion: Overcoming Barriers and Fostering Gender Equality. A Toolkit for Practitioners, forthcoming, World Bank.

Conclusion

Women businesses are critical agents of the green energy transition, yet they remain among the most financially underserved market segments in Sub-Saharan Africa. High collateral requirements, gender norms, limited financial track records, and insufficient female bank staff continue to limit their access to finance, leaving a USD 50 billion financing gap for women MSMEs in the region. At the same time, available evidence consistently shows that women business clients carry lower credit risk and demonstrate stronger product uptake than their male counterparts, making this a concrete and commercially attractive opportunity for FIs. Capturing this market potential requires more than product development alone: FIs need to anchor gender considerations across the institution, invest in understanding women businesses' specific needs, and adapt their products and services accordingly.

Box 3. How EDGE Finance supports domestic FIs in integrating gender considerations into green energy finance

EDGE Finance supports participating domestic FIs in Sub-Saharan Africa in integrating gender considerations into green energy finance through a structured capacity building offer tailored to the FI’s needs. It combines up to 9 months of advisory support, focused on facilitating institutional level change and accompanying FIs throughout the financing value chain, with a strong emphasis on green energy transactions and product development, including exposure to bankable projects, and is complemented by an online modular training programme with a predefined curriculum on green energy finance topics.