Inclusive Green Finance and Gender Equity: Bridging Gaps for Women Entrepreneurs

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Abstract:

This paper examines the gender credit gap using World Bank Enterprise Survey data across five regions, analysing three financial access outcomes — loan possession, loan rejection, and self-reported financial constraints — for firms differentiated by management gender, size, age, export orientation, and sector. Logit estimation reveals that female-managed firms are significantly more likely to hold loans than male-managed counterparts in the pooled sample, a premium that is robust to firm-level controls and country-year fixed effects. Innovation substantially amplifies this premium, with propensity score matching confirming an 18-percentage-point causal loan advantage for innovative female-managed firms. Regional disaggregation demonstrates that the female management premium is statistically significant only in Europe, identifying institutional development, creditor rights strength, and gender-equitable legal frameworks as primary moderators of the gender credit gap — with no discernible gender effect in Africa, East Asia, Latin America, or MENA. Firm size monotonically improves loan access and reduces rejection rates across all specifications. These findings reframe the gender credit gap as an institutional failure as much as a market failure, and provide actionable evidence for gender-transformative reforms at the intersection of gender-inclusive and green finance policy — including alternative credit scoring, gender-responsive prudential regulation, and inclusive green finance instruments targeting women-led enterprises in climate-vulnerable sectors.

Keywords:

Financial Inclusion, Gender credit gap, Enterprise Survey, Green Finance, Institutional Moderation, Female Entrepreneurship.