

Making Cash Grants Work for Small-Scale Women Entrepreneurs in Ghana



Prior evidence on small grants programs to female-owned businesses has found that women entrepreneurs are less likely to invest this capital into their businesses than men are. The intersection between household and business needs seems to play a role in this. Researchers are conducting a randomized trial to evaluate the impact of cash grants and whether other complementary interventions (such as savings targets and spouse training) could alter investment behavior among female entrepreneurs and bolster their economic empowerment.

Policy Issue

A significant portion of entrepreneurs in developing countries are women, but they face unique challenges investing money to grow their businesses. A recent study found that women entrepreneurs showed lower returns to capital from grants and loans if another household member had an enterprise. The same study also found similar return rates for males and females if females were the only business owners in the household. Understanding women's investment behavior and dynamics could inform the design of grants and loan programs that effectively empower women entrepreneurs.

Evaluation Context

An estimated 69 percent of working-age women in Ghana were employed in the informal sector in 2014. In a survey of the challenges facing women entrepreneurs in Ghana, a third of respondents cited access to credit and financing as being more challenging for women than men. This study is taking place among 10,483 female entrepreneurs in Accra between the ages of 20-60 and have a spouse or are in a relationship. Among these enterprises, the median monthly profit at baseline was 250 GHC.

Details of the Intervention

Researchers are conducting a randomized evaluation to study the effects of 500 GHS grants (US\$115—or twice the median monthly profits) and complementary interventions (either savings targets or training with spouses) on business investments, access to finance, household consumption and decision-making mechanisms in the household.

Three thousand one hundred and fifteen women entrepreneurs were randomly assigned to one of five groups:

RESEARCHERS

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COUNTRY

Ghana

PARTNERS

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PROGRAM AREA

Entrepreneurship and Private Sector Development

TOPICS

Cash Transfers, Savings, Training & Mentoring, Women & Girls

TIMELINE

2016-2019

1. **Grant group:** This program provided women entrepreneurs with unconditional grants of 500 GHS (US\$115) via mobile wallets.
2. **Grant conditional on reaching a savings goal:** This program partnered with Fidelity Bank to offer subsidized savings accounts to program participants. The program conditioned grant disbursement on depositing a total of at least 160 GHS in a minimum of eight deposits over a span of six months into a savings account at Fidelity Bank. Entrepreneurs who met this requirement received a grant of 500 GHS.
3. **Grant conditional on participating in a household decision-making training:** This program conditioned grant (500 GHS) disbursement on both spouses attending a training on allocating household resources. The training comprised two sessions: (1) a three-hour experiment on the household allocation of resources, and a debriefing discussion session on intra-household cooperation. (2) a one-hour refresher training, two weeks after session one to cement the lessons from the first round. The aim of this program is to study how gender biases affect the allocation of household resources and if promoting spousal cooperation could lead to higher business investments.
4. **Grant provided to the spouse:** This program provided 500 GHS grants to the spouses to study whether varying the identity of the recipient had any impact on household and the female entrepreneurs' income or business performance.
5. **Comparison group:** This group did not partake in any program at the time of study

The research team also conducted qualitative interviews between 2016 and 2017 to illuminate the household-level behavior behind investment decisions. A short follow-up on a subset of the sample was conducted in 2017 to learn about immediate changes following interventions. Two follow-up data collection exercises are planned in 2018 and 2019.

Results and Policy Lessons

Project ongoing; results forthcoming.