

Financing Women's Digital Entrepreneurship: A Pathway to Closing Africa's Economic Gender Gap

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Key Takeaways



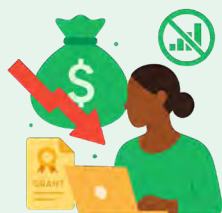
1 Women's economic participation in Africa has fallen 0.6 percentage points¹ below 2022 levels in the 2025 WEF Gender Parity Index², pushing back the region's path to economic parity by 50 years. This setback aligns with sluggish post-COVID African GDP-per-capita growth (~1.2% vs. ~2.5% CAGR globally) as 70% of women remain in vulnerable employment and are most negatively impacted in periods of downturn and stagnation.



2 This decline is compounded by worsening societal perceptions of women. BCG's Women's Voices Survey 2025 show that since 2023, both attitudes toward gender equality and the structural barriers women face have deepened across the region.



3 Amid this bleak picture, digital entrepreneurship is emerging as a vital path for women to secure income and autonomy. According to BCG's Women Voices Survey 2025, nearly two-thirds of African women aspire to launch an online business, and one in five already runs one. Digital platforms offer them flexibility, safety, and a way to overcome traditional structural barriers.



4 Financing remains a critical bottleneck preventing women from scaling their ventures. Women receive roughly 52% of Africa's grant funding, yet capture only 1% of venture capital investment, despite generating 2X higher revenue per dollar invested. Reliance on grants constrains growth. Adaptive financial solutions are required to unlock women's full entrepreneurial potential.

1. The WEF includes only Sub-Saharan Africa, with Northern African countries grouped under MENA. To provide a full African view in the article, Northern African countries available have been added (Morocco, Egypt, Tunisia, Algeria) using a weighted average by population (Libya excluded due to information unavailability)
2. World Economic Forum Gender Parity Index



1. Economic Parity Prolonged in Africa

The COVID-19 pandemic dealt a heavy blow to women’s economic participation globally, but its impact was disproportionately felt in Africa. In the World Economic Forum’s Gender Parity Index, the

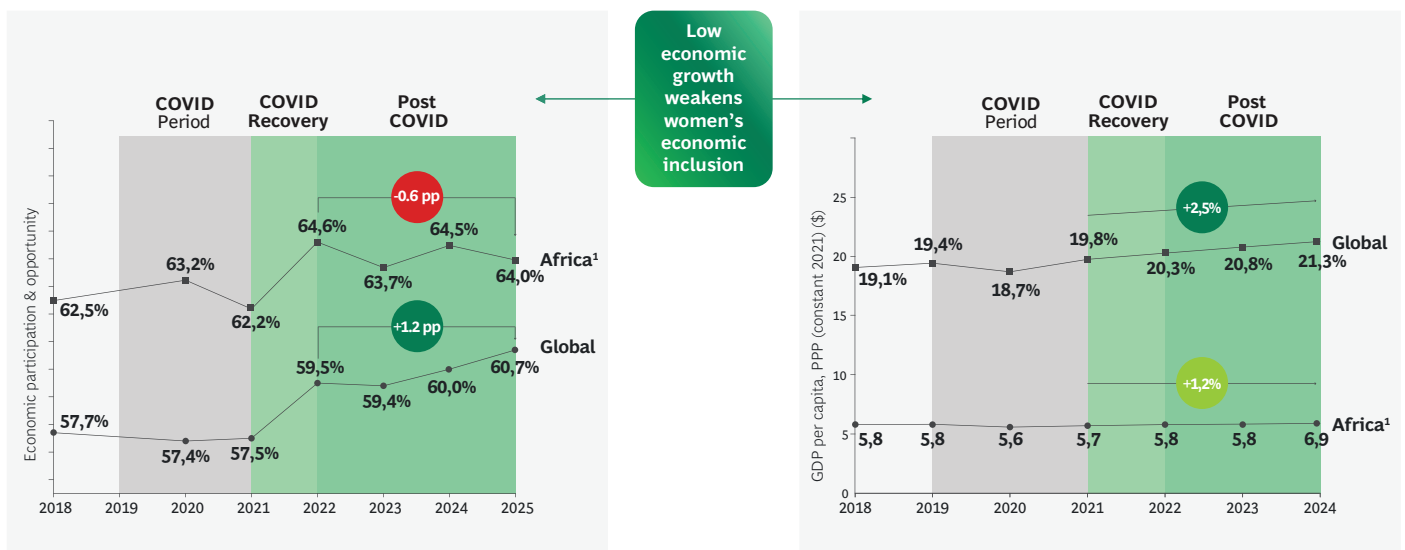
‘Economic Participation and Opportunity’ score of African women fell by 1.1 percentage points (pp) during the pandemic (2020-2021), while the global average rose slightly (+0.1 pp) (See Exhibit 1.).

EXHIBIT 1

COVID-19 widened gender gaps in economic participation, as Africa’s recovery stalls

WEF economic participation & opportunity pillar in Africa (2018-2025)

African GDP per capita PPP² (constant 2021) in K\$ (2015-2024)



Sources: World Economic Forum 2025 Gender Gap Report 2025, World Bank DataBank

- Population weighted average across Sub-Saharan and North African countries, including Morocco, Algeria, Tunisia, and Egypt
- This indicator allows you to compare the real living standards and economic productivity of different countries over time, while removing the effects of inflation and impact of currency exchange rate fluctuations



What WEF Gender Parity Index measures

The WEF Gender Parity Index measures gender equality regardless of a country's development level, with one of its key pillars being 'Economic Participation and Opportunity'. A score of 1 or 100% signifies full parity while a score of 0 or 0% indicates total gender inequality.

After a brief post-COVID recovery, momentum quickly faded. Between 2022 and 2025, women's economic participation in Africa declined again by 0.6 percentage points. This extended their path to economic parity from 120 years to about 170 years, adding an extra 50 years (almost two generations), while the gap reduced globally. Africa's post-COVID journey has been slower, more uneven, and far less inclusive, leaving women behind even as the world moves forward.

This regression is rooted in deeper structural vulnerabilities. During economic downturns, women,

who make up about 71% of Africa's informal workforce compared with 59% of men, are typically the first to lose work and the last to regain it. Between 2021 and 2024, Africa's GDP per capita grew annually by only 1.2% (in purchasing power parity, constant 2021 dollars), far below the global average of 2.5%, limiting the creation of stable, formal jobs. Since so many women are in precarious employment, the post-pandemic rebound has not translated into durable economic inclusion.



Overall African gender parity decreased:

Notably, the gender parity setback extends beyond economic inclusion. Overall, Africa's gender parity index slipped from 67.8% in 2022 to 67.2% in 2025, extending the timeline to reach full parity from 103 to 142 years³, even as the global average improved by 0.5 percentage points over the same period. This was partly also driven by 'Educational Attainment' parity declining by 1.8 percentage points, due to lower literacy and enrolment in secondary and tertiary education in large economies such as the DRC and Ethiopia, following cuts to international aid for education.

3. Timeline to parity equals the remaining gap in a given year divided by the average annual progress (linear) since 2006

These numbers only tell half the story. Beneath these figures lie deeper systemic challenges: Societal attitudes toward women’s roles have deteriorated further over the past two years (See Exhibit 2.)

EXHIBIT 2

Perceived roles of women in society have dropped according to both men & women

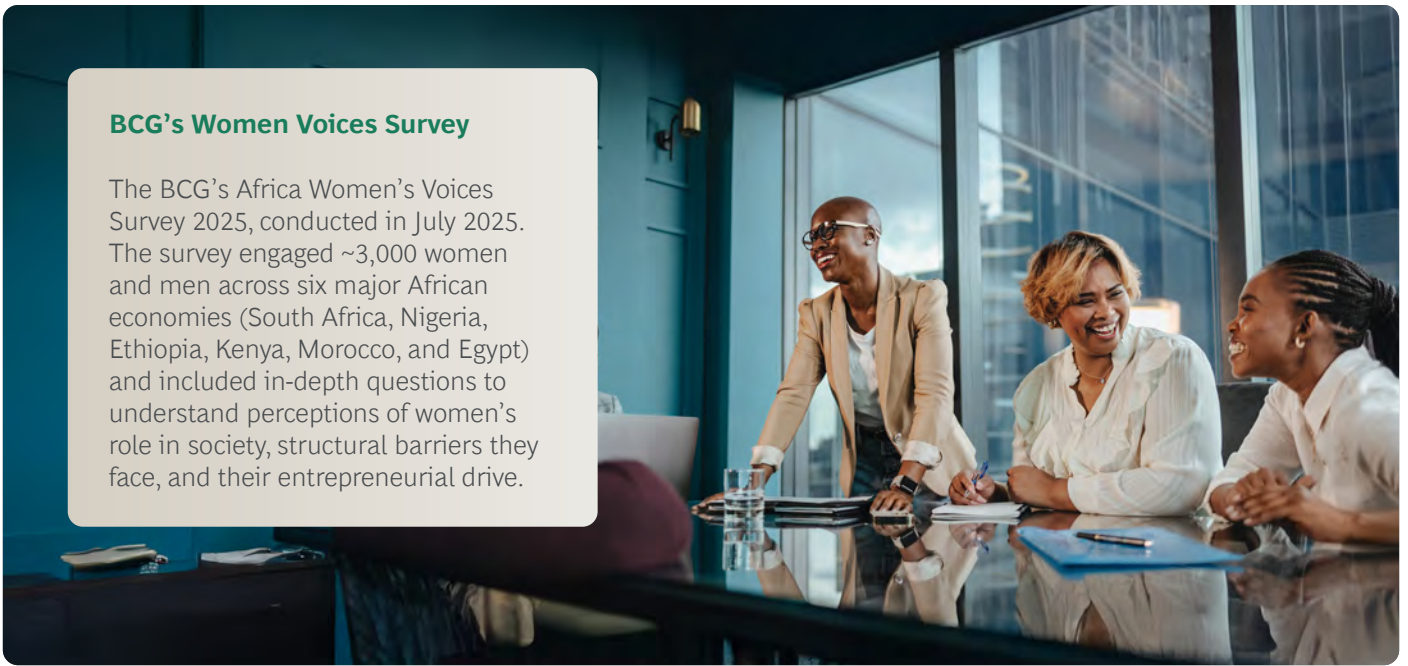
Evolution of women's perceptions in society by surveyed countries – men vs women respondents somewhat or strongly agreeing (2022-2025)¹



Sources: 1. BCG Africa Women Voices Survey 2023/2025 – Q: How much do you agree with each of the following statements?

BCG's Women Voices Survey

The BCG's Africa Women's Voices Survey 2025, conducted in July 2025. The survey engaged ~3,000 women and men across six major African economies (South Africa, Nigeria, Ethiopia, Kenya, Morocco, and Egypt) and included in-depth questions to understand perceptions of women's role in society, structural barriers they face, and their entrepreneurial drive.



In 2025, fewer respondents supported women's autonomy, equal pay, and access to education. Worryingly, this decline is not limited to male perceptions. Even women are now less likely to endorse these principles, signalling internalised discrimination. This regression in perceptions mirrors and explains part of the fall in women's economic participation. When social norms regress, so does economic empowerment.

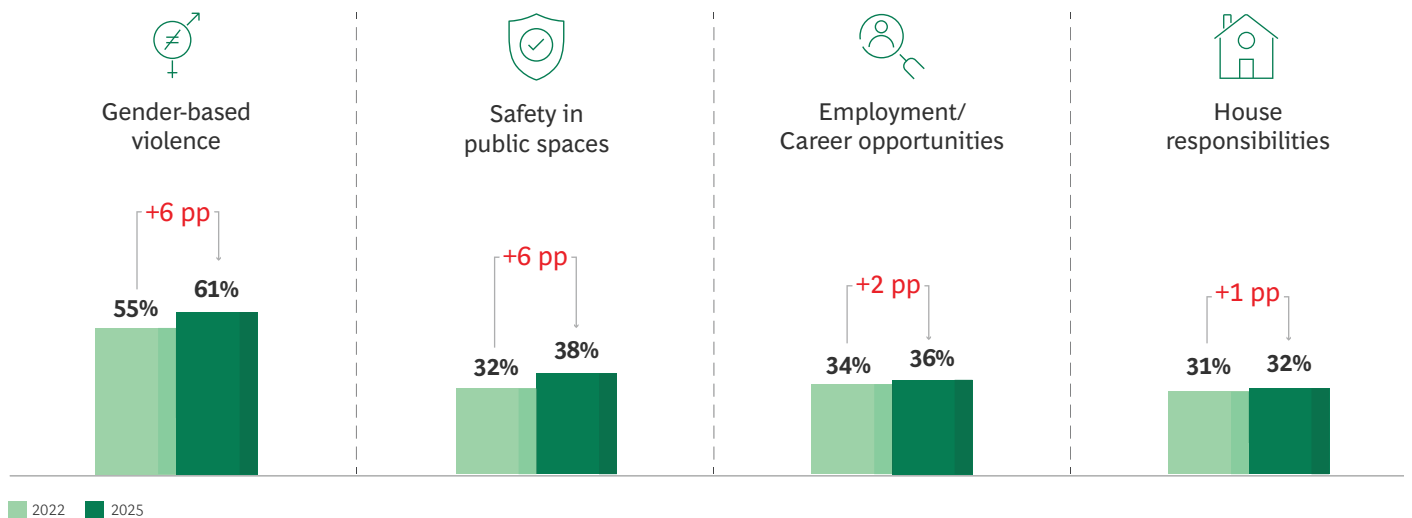
The perceived reasons behind women's challenges remain the same, but their intensity has worsened across the board. In 2025, a higher percentage of women said that access to economic opportunities, gender-based violence, safety in public spaces and house responsibilities were their top concerns (See Exhibit 3.).

EXHIBIT 3

Barriers to gender parity have deepened

Evolution of women's most reported challenges (2022–2025)

% respondents citing top 3 challenges women face
(women respondents only)



Sources: BCG Africa Women Voices Survey 2025 – Q: Which are the 3 main challenges women face ?



- 1 Safety and violence:** Concerns about personal safety and gender-based violence remained among the top challenges cited by women in our survey. 61% identified gender-based violence as their number one concern, followed by 38% who cited security in public spaces.



- 2 Employment & career opportunities:** Women's access to formal employment remains limited. Two-thirds were working in the informal sector, and labour force participation was 12 percentage points below men's in Sub-Saharan Africa in 2024.



- 3 House responsibilities:** Increasing numbers of women are out of the labour force due to heavy care burdens and their overwhelming share of unpaid domestic work. The result is reduced participation, fewer full-time hours, and slower wage progression.

As the formal economy continues to exclude and under-serve women, many are clinging to entrepreneurship as one of the few viable paths to economic security and self-determination.





2. Digital Entrepreneurship Offers a Lifeline

Sub-Saharan Africa now boasts some of the world's highest female entrepreneurship rates. Approximately 26% of adult women are engaged in entrepreneurial activity, according to a Harvard study. Across countries

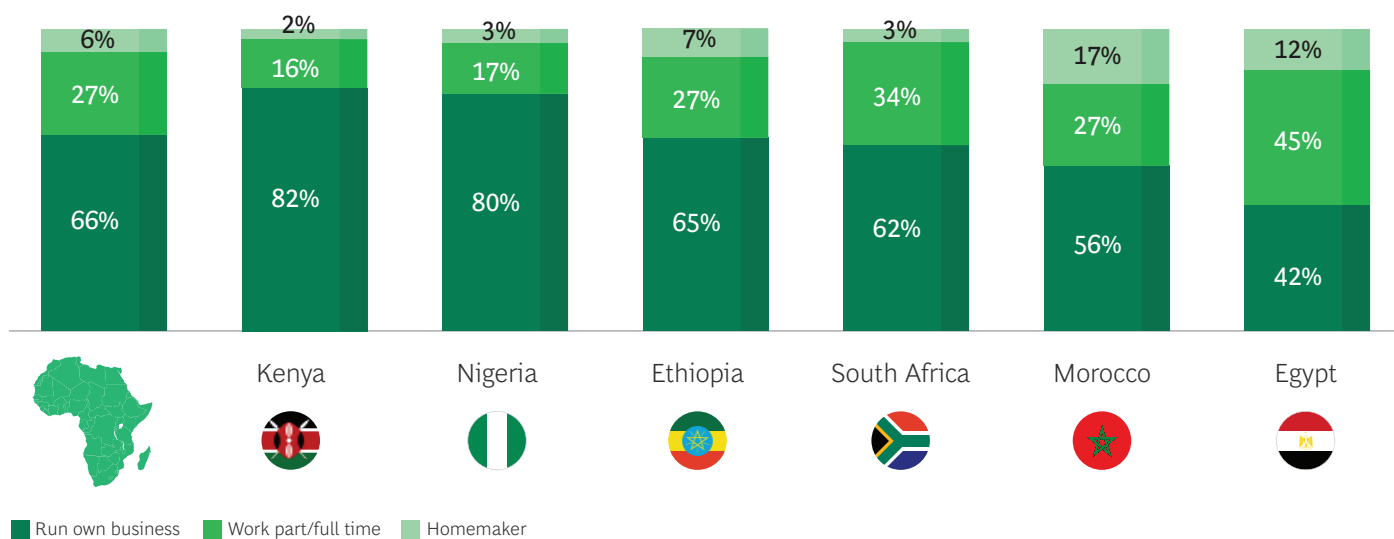
surveyed, 93% of women respondents said they wanted to participate in the economy, with 66% aspiring to run their own business, a number reaching over 80% in Nigeria and Kenya (See Exhibit 4.).

EXHIBIT 4

Entrepreneurship becomes a lifeline

Women's economic participation in surveyed countries (2025)

Survey Question: If you had the choice, what would you do?¹



Sources: BCG Africa Women Voices Survey 2025 – Q: If you had the choice, what would you do?
 1. "Farm my own land" incorporated in the "Run my own business" category

For men, starting a business is often about a means to scale, compete, and build wealth. In contrast, women often engage in necessity-driven entrepreneurship, starting businesses to sustain themselves rather than seek venture-backed or high-valuation growth.

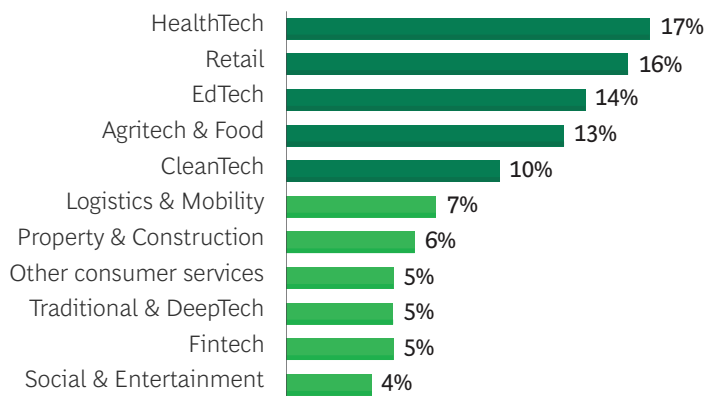
For many, it becomes a path to agency and independence, leading them to build ventures rooted in lived experience and focused on community needs, such as healthcare, retail, education and agriculture (See Exhibit 5.).

EXHIBIT 5

Women entrepreneurs tackle societal issues

% share of African women-only founders in key industries

Survey Question: If you had the choice, what would you do?¹



“Female founders have an ability to solve problems impacting them from their own experiences. We know that a lot of products and solutions that claim to be for all are based off research in a male dominated ecosystem”

African woman start-up founder²

Sources: 1. Africa Big Deals Database (2020-2025) / BCG Analysis 2. Disrupt Africa

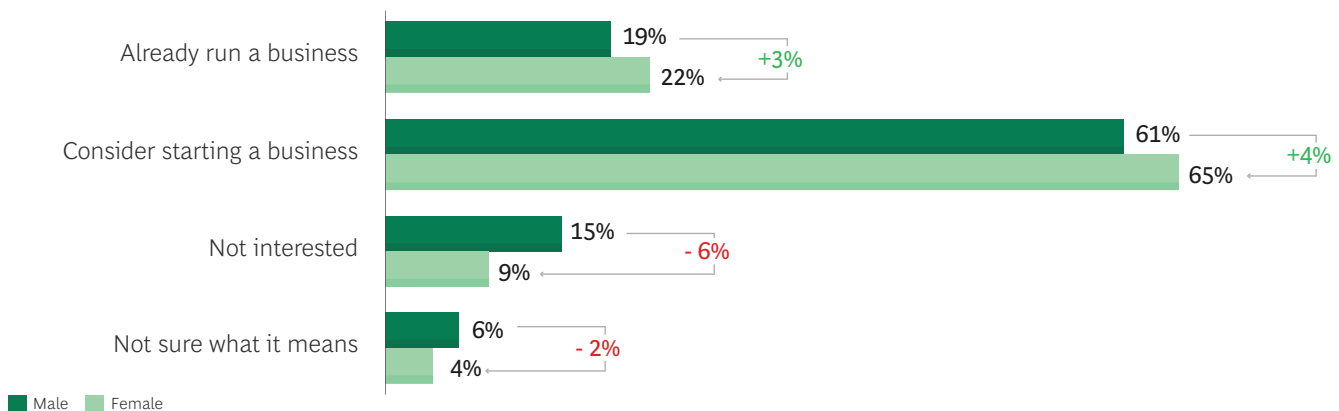
This entrepreneurial momentum is increasingly supported by women’s digitalisation adoption. Technology is broadening access, visibility, and opportunity, enabling women to expand businesses that previously operated on a smaller scale.

According to the BCG survey, one in five African women surveyed already runs an online business, and two-thirds are considering starting one (See Exhibit 6.). They outpace men in digital business ambition.

EXHIBIT 6

Women favor digital entrepreneurship

% share respondents running or considering starting a business using their phones/internet



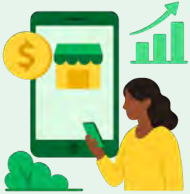
Sources: BCG Africa Women Voices Survey 2025 – Q: Are you currently running or considering starting a business using your phone or the internet?

Digitalisation is helping women to alleviate the structural barriers that have long limited their economic participation:



1 Stronger flexibility and safety:

61% of women run their businesses from home, enabling them to balance family care with economic activity and reduce exposure to unsafe travel and workspaces.



2 Lower financial barriers to entry:

Running a business via smartphone or app slashes costs. SMEs that adopt digital tools see productivity rise by 25% and operating costs fall by ~30%.



3 Expanded market access and network reach:

Platforms like Facebook Marketplace and Jumia reported that 40–50% of their sellers in African countries are women. This is proof that digital ecosystems can unlock scale without physical expansion.



4 Extended financial inclusion:

Fintech has expanded women's access to finance. In Uganda, mobile loans have raised women entrepreneurs' profits by 15% and assets by 11% in just eight months.



3. Current Funding Gap Stalls Progress

Even in Africa’s rapidly digitising entrepreneurial landscape, longstanding inequalities persist in new forms, constraining women-led businesses from scaling. Women entrepreneurs remain one of the continent’s most underleveraged growth engines.

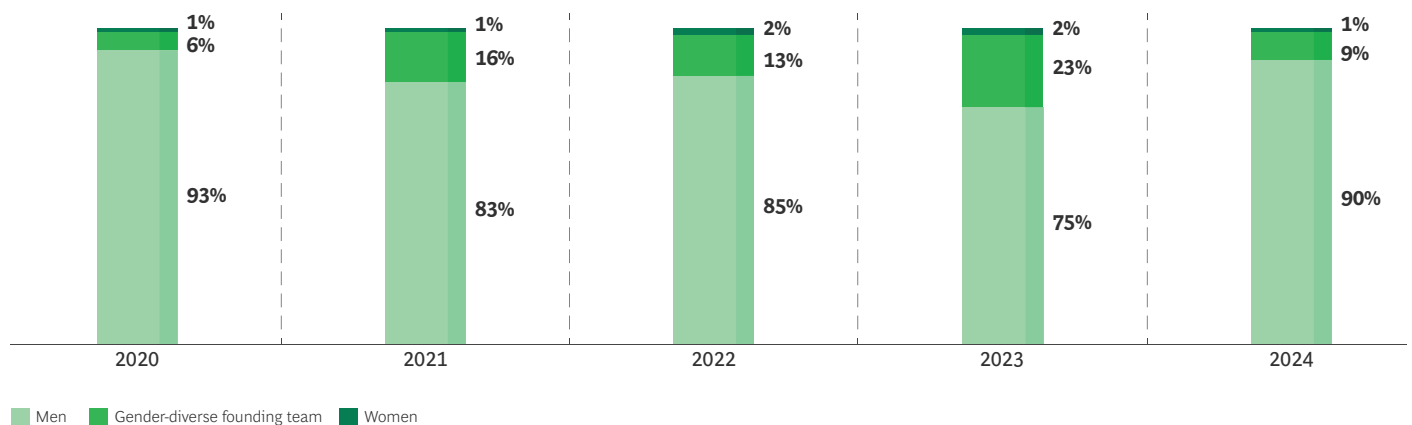
Women-led start-ups attracted less than 1% of total Venture Capital (VC) funding in Africa (2024), despite

strong entrepreneurial activity (See Exhibit 7). This has resulted in a \$2.5 billion funding gap compared to male-founded start-ups in the past five years, a gap that persists despite stronger performance. Female-founded ventures generate 2x more revenue per dollar invested and achieve 10% higher long-term growth than their male-led counterparts.

EXHIBIT 7

Women lack capital to scale their businesses

% Share of total investments in African startups (men vs women-led startups)



Sources: Africa Big Deals Database (2020-2025)

This exclusion extends into the digital realm. According to the Cherie Blair Foundation’s 2024 survey, while most women respondents (92%) owned a smartphone, 45% lacked regular internet access, mainly because of cost barriers. Together, these patterns reveal a vicious cycle, in which limited financial means curtail both business growth and digital inclusion.

These barriers mirror broader structural and behavioural biases across the investment value chain, not just in access to capital, but how the ecosystem sources, evaluates, and supports digital women-led ventures (See Exhibit 8.).

EXHIBIT 8

Several barriers hinder gender-lens investments in women-led businesses

 <p>Fundraising</p> <hr/> <p>DFI tickets into funds higher than absorption capacity of female-centric and early-stage fund (\$100m+ vs \$20-25m funds)</p> <p>Limited options to raise VC capital from DFIs, especially blended capital, which could help de-risk women-led/centric start-ups</p> <p>High transaction costs and extensive reporting requirements from DFIs create barriers for small funds</p>	 <p>Pipeline sourcing</p> <hr/> <p>Perceived lack of investible women-led/centric startups, “too early” or “not strong enough” for fund criteria</p> <p>Sectoral misalignment between women founders’ & investor focus (women concentrated in sectors not attracting most of the capital)</p> <p>Perceived high-risk profile of women-led/centric startups</p> <p>Fewer women in networks, ~46% of women founders do not know about relevant investors to approach</p>	 <p>Pre-screening/Pitch and Investment</p> <hr/> <p>Male-dominated teams biasing evaluations of women-led businesses (~4% of African AUM managed by women)”</p> <p>Gender bias in pitches – 70% of VCs prefer same pitch when delivered by a man over a woman</p> <p>Limited range of funding instruments presented / available to women</p> <p>Mismatch between fund horizons & maturation timelines of women-led startup – 5 to 7 year exits misaligned with women startups models</p>	 <p>Post-investment</p> <hr/> <p>Limited tracking & reporting of women-led/centric startups’ financial performance</p> <p>Lack of role models – Few visible success stories of scaled women-led/centric African startups, reducing investor confidence</p>
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Sources: Harvard Business Review; Future Females Empowerment Initiatives; Africa Big Deals Database; Investor Interviews; BCG analysis



4. Alternate Financing to Unlock Women's Potential

As seen above (See Exhibit 7.), VC funds which represents over 60% of total entrepreneurial funding in Africa fail to deliver equitably to women who found necessity-led businesses. Therefore, women turn increasingly to alternate sources, primarily grants. More than half of women-led businesses in Africa are grant-funded. Grants play a critical role in catalysing early-stage development, but over-reliance on them can inadvertently limit the development of scalable, investment-ready enterprises (for example, by sending signals that start-ups relying on grants are impact-oriented).

To fully realise the potential of women entrepreneurs, the startup funding ecosystem must evolve beyond the conventional VC-driven model toward financing approaches that are more sustainable, adaptable, and growth-oriented. This transformation calls for closer collaboration among investors, Development Finance Institutions (DFIs), and other ecosystem partners to design instruments better aligned with the types of businesses women typically build: enterprises that are community-driven and sustainable rather than focused on rapid, exponential growth.

A few examples of these approaches are:



Creating smaller, more agile funding mechanisms that align with early-stage venture dynamics, by providing smaller tickets (\$50-100,000)



Designing blended financing instruments (equity, convertible notes, revenue-based or debt options) to better match the capital needs and growth models of women-led businesses.

Beyond capital, it is also vital to offer comprehensive non-financial resources that empower women entrepreneurs. These resources should include access to investor networks, targeted financial education, and strategic collaborations with accelerators and industry experts.

DFIs are driving this progress by shaping financing mechanisms that attract private investment and strengthen women-led ventures by:



Allocating smaller ticket sizes and channel grants to gender-lens venture capital funds to catalyse women-led investment



Deploying first-loss or early-stage capital through blended instruments (equity, debt, guarantees) to de-risk investments for investors



Partnering with local financial institutions to offer guarantees and insurance mechanisms that expand debt access for women entrepreneurs.

The case for action is not only based on return on equity, but also on unlocking economic growth. Women entrepreneurs are uniquely positioned to drive innovation in sectors such as health, education, finance, and mobility, areas where they deeply understand the needs of their communities.

Empowering more women to start and scale businesses is one of the most powerful levers to advance gender parity, translating tangible economic value into inclusion. It is an opportunity that Africa cannot afford to overlook.



About BCG's Africa Women's Voices

This publication is the 2nd edition of Africa Women's Voices, a report by the BCG Centre for Inclusive Advantage, exploring how African women's role is evolving. It draws on two key sources:

- BCG's Africa Women's Voices Survey 2025, conducted in July 2025. The survey engaged 3,000 women and men across six major African economies (South Africa, Nigeria, Ethiopia, Kenya, Morocco, and Egypt) and included in-depth questions to understand perceptions of women's role in society, structural barriers they face, and their entrepreneurial drive.
- WEF's Global Gender Gap Report 2025, which tracks gender parity progress across four dimensions: economic participation and opportunity, educational attainment, political empowerment, and health & survival.

About the Authors



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