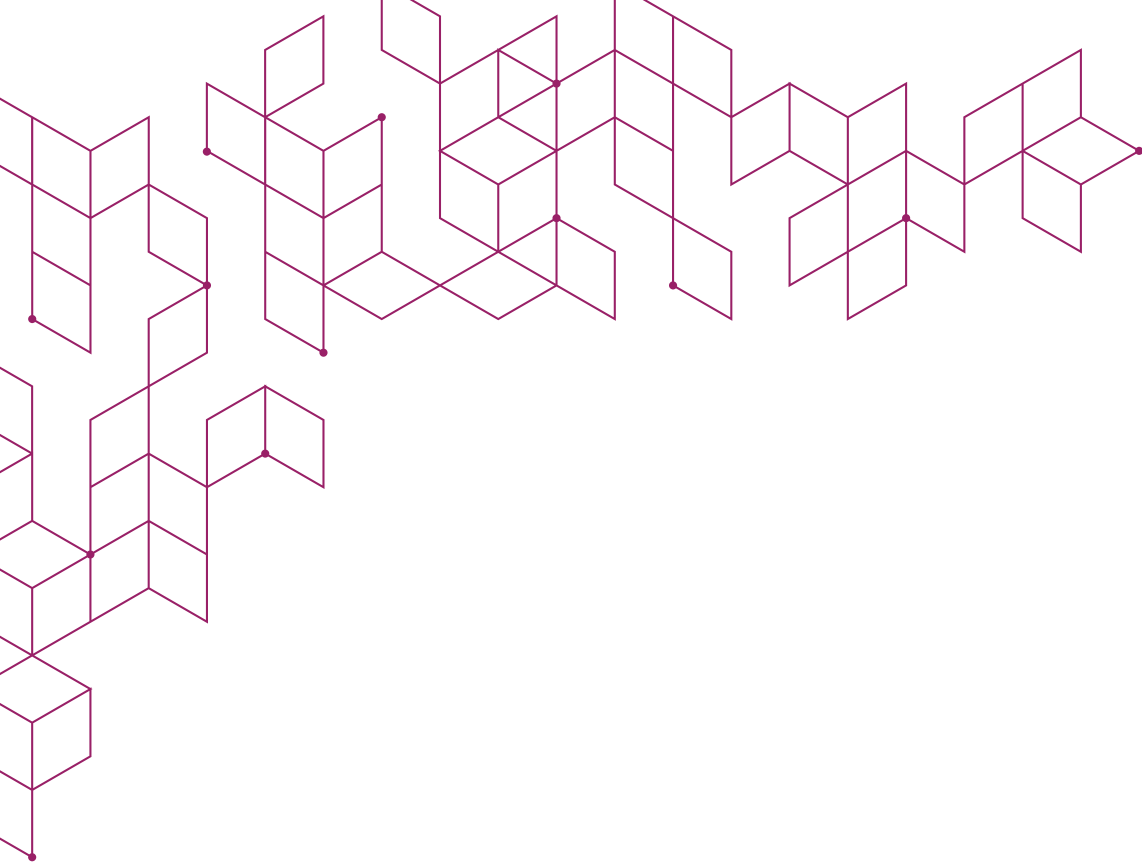




SUPPORTING WOMEN ENTREPRENEURS IN DEVELOPING COUNTRIES: WHAT WORKS?

A REVIEW OF THE EVIDENCE BASE &
WE-FI'S THEORY OF CHANGE



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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
EBRD	European Bank for Reconstruction and Development
FBS	Future of Business Survey
FI	Financial intermediary
GEM	Global Entrepreneurship Monitor
GIL	World Bank Gender Innovation Lab
IFC	International Finance Corporation
IDBG	Inter-American Development Bank
ILO	International Labour Organization
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
NGO	Non-Governmental Organization
PE	Private equity
SME	Small and medium enterprise
STEM	Science, technology, engineering, mathematics
ToC	Theory of change
VC	Venture capital
WBG	World Bank Group
WBES	World Bank Enterprise Survey Data
We-Fi	Women Entrepreneurs Finance Initiative
WEOF	Women Entrepreneur Opportunity Fund
WSME	Women-owned and led small and medium enterprise

EXECUTIVE SUMMARY

The Women Entrepreneurs Finance Initiative (We-Fi) was established in 2017 to unleash the economic power of women entrepreneurs in developing countries. Founded by 14 donor governments, in partnership with the World Bank Group and five regional multilateral development banks, We-Fi takes an ecosystem approach that links policy, legal, and regulatory reforms with private sector investments to expand access to finance, skills, networks, and markets for women-owned and led small and medium enterprises (WSMEs).

This approach is well defined in We-Fi's Theory of Change (ToC), which has driven We-Fi interventions worldwide during the last five years. The ToC is structured along four focus areas related to WSME constraints: access to finance, access to skills and networks, access to markets and technology, and the enabling environment. Within these, We-Fi aims to increase the level of financing going to WSMEs, achieve sustainable capital flows from financial intermediaries to WSMEs, boost WSMEs business performance and growth, and establish a more data-driven approach to policy, intervention, and product design to support WSMEs (outcomes). In the long term, We-Fi intends to boost job opportunities, enhance business creation among women, and promote women's empowerment and gender equality (impacts).

After nearly five years of operations, it is important to take stock and assess the continued validity of We-Fi's ToC within the evolving landscape of women's entrepreneurship. This paper presents the findings of a large-scale literature review to identify evidence supporting We-Fi's ToC—both the WSME constraints upon which it is predicated and the interventions it proposes to achieve impact. The evidence review was conducted using hypotheses and deep-dive research questions directly mapped to We-Fi's ToC. The review considered the direction (positive, mixed, negative) and strength (strong, emerging, limited, no research found) of the evidence to validate the ToC's impact pathways and identify particularly promising interventions, as well as areas requiring further research.

EMERGING PATTERNS OF INTERVENTION EFFECTIVENESS

The review was able to glean these preliminary patterns on interventions that may be effective in supporting WSMEs, although evidence is varied in strength and number and more is required to substantiate these findings.

Access to finance:

- ◆ Financial products and services tailored to the needs of WSMEs (e.g., cashflow-based lending) have proven to be effective in addressing gender-based constraints in developing countries and enhancing access to finance for women entrepreneurs.
- ◆ Digital technologies may offer new delivery channels to effectively deliver credit and other financial services to women entrepreneurs. Digital finance (i.e., mobile money) holds the promise to significantly improve women entrepreneurs' access to finance.
- ◆ Interventions that combine finance and training may be more effective in supporting WSMEs' business performance than finance or training alone.
- ◆ In-kind grants for women micro-entrepreneurs and large cash grants for growth-oriented businesses (as part of business competitions and awards) have proven to impact positively the business performance of WSMEs.
- ◆ More gender diversity at financial intermediaries (i.e., more female investors, fund managers, and loan officers) may be key to increasing the level of financing going to WSMEs and reducing the gender financing gap.

- ◆ Gender intelligence trainings for employees in banks have proven to be effective in tackling gender biases in lending decisions.
- ◆ Sex-disaggregated data is fundamental to building the business case for targeting and investing in WSMEs. Emerging data underlines a clear positive business case for financial intermediaries targeting WSMEs.
- ◆ Targeted funding and technical assistance for financial intermediaries to serve WSMEs show initial positive results in mobilizing additional funds from financial intermediaries and impacting their strategic approaches in regard to the WSME segment.

Access to skills and networks:

- ◆ Training programs integrating gender-specific content tend to impact WSMEs' business performance positively.
- ◆ Innovative delivery mechanisms of training programs (e.g., wraparound services like childcare services, peer and spousal support, and transportation) seem to be an effective way to make training programs more accessible to women entrepreneurs.
- ◆ Targeted training programs and the integration of mentoring services, networking activities, or socio-emotional skills trainings into business trainings have seen promising results in increasing WSMEs' business performance, although more gender-specific research is required.

Access to markets and technology:

- ◆ Inclusive value chain programs seem to be effective in helping WSMEs access corporate value chains and public procurement, leading to improved business performance.
- ◆ E-commerce has shown promise in supporting SMEs accessing regional and international markets and improving business growth, although more gender-specific studies are needed.
- ◆ Mentorship, spousal support, and role models have proven to increase the likelihood of women to cross over to male-dominated sectors.

Enabling environment:

- ◆ Findings across numerous studies and geographical contexts indicate that socio-cultural factors (e.g., gender norms) often limit women entrepreneurs in leveraging resources from support programs. Access to mentors, role models, and networks, and integrating spouses or other family members into interventions have shown some encouraging results in helping WSMEs grow.
- ◆ There is strong positive evidence on the correlation between less gender-biased laws and policies and women's employment and entrepreneurship
- ◆ Childcare programs may have a positive impact on women's employment, but there is a lack of studies that analyze the impact on women entrepreneurship.

VALIDATION OF WE-FI's THEORY OF CHANGE

The results of this evidence review provide grounding of We-Fi's ToC. The review confirmed that the four We-Fi focus areas address the main constraints faced by WSMEs in developing countries. The review also highlighted the mutually reinforcing role that these focus areas play, validating We-Fi's multi-dimensional ecosystem approach aimed at addressing different barriers simultaneously and from various angles. For example, training programs may not deliver sustainable results if WSMEs lack access to finance.

The evidence mapping exercise showed a near-complete absence of negative evidence that would contradict the ToC's impact pathways, which provides initial validation of We-Fi's ToC. However, nuancing We-Fi's understanding of its impact pathways based on emerging patterns of intervention effectiveness could increase impact. While the review covered a broad spectrum of research, evidence on WSMEs is emerging or limited, underlining the importance of strengthening the evidence base across the field and further reinforcing We-Fi's ToC.

EVIDENCE GAPS AND OPPORTUNITIES GOING FORWARD

Overall, this evidence review showed that literature on WSMEs is still limited, although the number of studies is growing. Generally, the reviewed studies focused either on women's micro-entrepreneurship¹ or on SMEs without considering gendered effects in business outcomes. This underlines the need for more studies specifically focused on women and SMEs. More rigorous impact evaluations are required, as are other types of data and inputs, including non/quasi-experimental quantitative methods and qualitative methods.

The review indicated that most studies focus on access to finance (i.e., micro-loans) and access to skills (i.e., business training) interventions, for which evidence is usually limited, emerging, or mixed on outputs and outcomes (i.e., business performance and growth). For access to markets interventions, evidence is consistently positive; however, it lacks academic research and mainly includes industry reports. For interventions focused on improving the enabling environment, evidence is positive and relatively strong; however, more research is required for assessing causality.

Evidence on long-term impacts is lacking for all focus areas. It is not clear how different interventions contribute to job growth, women's business startup and women's empowerment more broadly. These evidence gaps may be due to the insufficient duration of studies to track long-term effects.

Through the peer review process, the following prioritized research opportunities were identified:

- ◆ **Access to finance:** Investigate the effectiveness of gender-responsive financial products and services for WSMEs, the use of bundled products and services, and the role of financial intermediary effectiveness
- ◆ **Access to skills and networks:** Investigate the effectiveness of socio-emotional skills trainings, the role of networks, and the use of technology to deliver trainings
- ◆ **Access to markets:** Investigate the effectiveness of inclusive corporate value chain programs, the use of technology and digital platforms, and cross-overs into male-dominated sectors
- ◆ **Enabling environment:** Investigate the role of gender norms and the role of care and domestic work

Future research should also address common challenges in the evidence base. First, it is critical to develop better frameworks for segmentation and WSMEs definitions to understand what works for whom and why, as some interventions might only be effective for certain types of women entrepreneurs, depending on the size, sector and stage of their business development. Second, the effectiveness of interventions may often depend on underlying contextual constraints (e.g., intra-household norms), which need to be considered. Third, future research should not only assess the overall effectiveness of interventions, but increasingly reflect on "how and why" questions that focus on mechanisms and direct attention to specific solutions. Fourth, conducting similar studies in different contexts and geographies may lead to more generalizable findings and a better understanding of the dynamics and effectiveness of interventions in different settings.

We-Fi aims to work with partners to coordinate future research and strengthen the evidence base for WSMEs. Drawing on this framework, We-Fi will establish a research agenda and engage with implementing partners, thought leaders, practitioners, researchers, and other stakeholders to fill the most pressing evidence gaps.

¹ Although the needs, growth, and dynamics differ between micro-enterprises and SMEs, studies on micro-entrepreneurship (always marked as such) should be acknowledged to derive lessons learned and identify interventions that can be tested with WSMEs.

INTRODUCTION

1.1 CONTEXT

The Women Entrepreneurs Finance Initiative (We-Fi) was established in 2017 based on the idea that women-owned and led small and medium businesses (WSMEs) make substantial contributions to economic growth and societal wellbeing—a notion backed up by a body of evidence that continues to grow.

The Global Entrepreneurship Monitor (GEM) 2020 survey² indicates that 274 million women are engaged in business startups globally, while 139 million women are owners or managers of established businesses. In low and middle-income countries, 17 percent of women are entrepreneurs and another 35 percent aspire to become entrepreneurs. This means that over half of women in developing countries are existing or aspiring entrepreneurs, highlighting the economic growth potential and the essential role of entrepreneurship for women's economic empowerment.³

A 2022 analysis by Citigroup estimates that, globally, over \$2 trillion could be added to GDP if women started and scaled new businesses at the same rate as men do.⁴ We-Fi estimates potential economic gains between \$5-6 trillion. The We-Fi analysis builds on the methodology used in the influential Rose Review 2019, which found that, in the United Kingdom alone, £250 billion could be added to the national economy if UK women matched UK men in starting and scaling businesses.⁵

Women's economic empowerment is not only important to promote equity, but is also beneficial for society-wide outcomes.⁶ As documented in several studies, gender gaps in the labor market can lead to low productivity, human capital, and economic growth.⁷ Evidence also suggests that economically empowering women unlocks substantial benefits for the wellbeing and health of children, families, and communities,⁸ as women tend to spend a greater share of their income on education and health.⁹ Women entrepreneurs also tend to employ more women employees. Evidence based on US venture-backed startup data indicates that compared to men entrepreneurs, women entrepreneurs hire on average 2.5 times more women in the early stages of their businesses and up to six times more as they become more established.¹⁰ WSMEs are also a critical source of knowledge, perspective, and innovation. They can play a crucial role in achieving the UN Sustainable Development Goals by providing innovative, gender-sensitive solutions to global challenges.

We-Fi was created in recognition of the critical role that women's entrepreneurship plays in empowering women, creating jobs, boosting inclusive economic growth, and ending poverty. It is a collaborative partnership among governments, multilateral development banks (MDBs), and other stakeholders designed to address the financial and non-financial constraints that WSMEs face in developing countries, including in the most challenging environments. To date, 14 donor countries¹¹ have collectively committed \$359 million to We-Fi, which has benefitted over 11,000 WSMEs across 55 countries.

² The GEM questionnaire does not ask about formalization and includes micro-entrepreneurs and unemployed 'pushed' into self-employment.

³ Elam et al. 2021

⁴ Qin et al. 2022

⁵ Rose 2020

⁶ Duflo 2012

⁷ Bandara 2015; Gaddis and Klasen 2014; Lagerlöf 2003

⁸ Sajjad et al. 2020

⁹ Schiff et al. 2013

¹⁰ Kauffman Fellows 2019

¹¹ Australia, Canada, China, Denmark, Germany, Japan, the Netherlands, Norway, the Russian Federation, Saudi Arabia, Republic of Korea, the United Arab Emirates, the United Kingdom, and the United States

1.2 WE-FI'S THEORY OF CHANGE

To unleash the economic power of women entrepreneurs in developing countries, We-Fi takes an ecosystem approach that links policy, legal, and regulatory reforms with private sector investments to expand WSMEs' access to finance, skills, networks, and markets. We-Fi's Theory of Change (ToC) seeks to stimulate synergies across four focus areas:

- ◆ Access to finance
- ◆ Access to skills and networks
- ◆ Access to markets and technology
- ◆ Enabling environment and entrepreneurial ecosystem

As shown in Figure 1, We-Fi's ToC demonstrates how different inputs and activities in the four focus areas are intended to stimulate short-term outputs, medium-term outcomes, and long-term impacts. This four-pillared approach is designed to build an enabling entrepreneurship ecosystem for WSMEs, with activities aiming to reach WSMEs directly and support them indirectly by fostering a behavior change within financial intermediaries, governments, corporations, and non-governmental organizations (NGOs). It calls for a unique mix of funding, technical assistance services, network-building activities, and policy dialogue to achieve these goals. We-Fi's ToC is holistic and offers many pathways to impact.

1.3 PURPOSE AND OBJECTIVES OF THIS PAPER

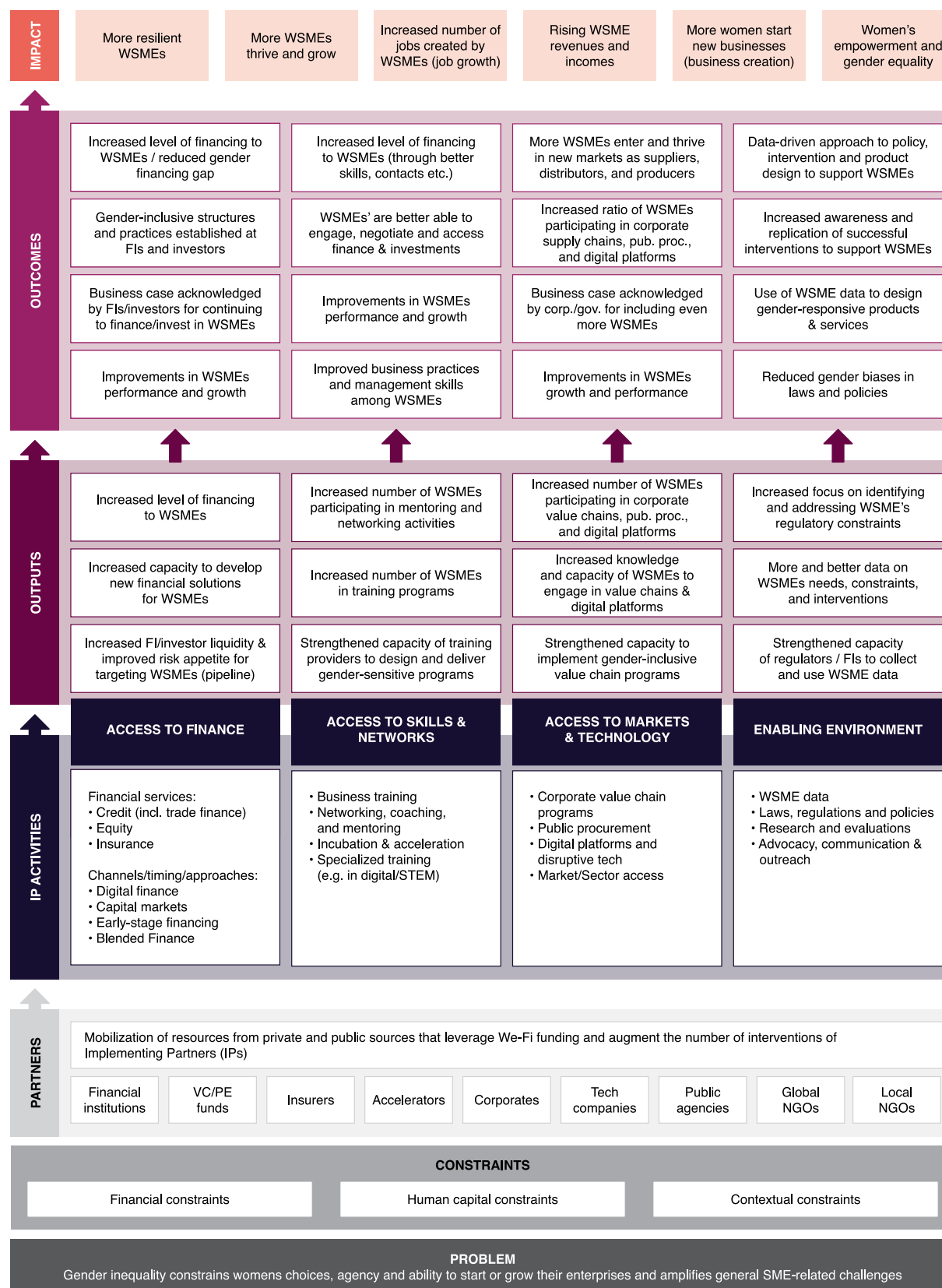
To unlock opportunities for women through entrepreneurship and maximize the impact of interventions, it is important to review existing evidence and understand knowledge gaps. In 2021, an independent mid-term review of We-Fi concluded that the obstacles that WSMEs face in developing countries are well reflected in We-Fi's ToC and results framework. It also suggested recommendations to strengthen We-Fi's knowledge management and impact measurement processes, including exploring linkages in We-Fi's ToC.

The purpose of this paper is to review existing evidence on what works and what does not work in supporting women entrepreneurs in developing countries and to map this information along the impact pathways in We-Fi's ToC. Specific objectives of this analysis included the following:

- 1. Mapping existing evidence and identifying key knowledge gaps** by using We-Fi's ToC as a framework to determine where further research and evidence is needed to support women entrepreneurs in developing countries
- 2. Validating We-Fi's ToC** by exploring the direction and strength of evidence
- 3. Identifying promising interventions** that can maximize understanding and impact

Findings of this analysis are presented herein, and have also been used to support We-Fi's report, *The Case for Investing in Women*, set to be finalized and published in 2022.

Figure 1. We-Fi Theory of Change Diagram



1.4 STRUCTURE

This paper is structured around seven chapters. Following the executive summary, Chapter 1 introduces the purpose and approach of the research conducted. Chapter 2 provides an overview of existing evidence related to the challenges WSMEs face, including the impacts of COVID-19. Chapters 3–6 then turn attention to solutions and provide an assessment of the existing evidence related to the effectiveness of interventions designed to tackle WSME constraints in accessing finance (Chapter 3), skills and networks (Chapter 4), markets and technology (Chapter 5), and building an enabling environment (Chapter 6). Each chapter plots evidence along various impact pathways defined in We-Fi's ToC (from inputs to outputs, outcomes, and impacts) and explores evidence direction (whether the evidence is positive, mixed, or negative) and evidence strength (whether the evidence is strong, emerging, limited, or no evidence could be found). The individual chapters end with an overview of prioritized research opportunities, identified and discussed in the peer review process. Chapter 7 concludes the paper by summarizing what seems to work in supporting WSMEs in developing countries and by highlighting evidence gaps and opportunities going forward. Annex 1 provides definitions of terms used throughout the paper, Annex 2 gives more information on the evidence rating system, Annex 3 depicts the evidence maps for each hypothesis, and Annex 4 includes the full list of possible research opportunities and questions for future work.

1.5 METHODOLOGY

A three-step process was used to assess and map the evidence on the effectiveness of different interventions aimed at supporting women entrepreneurs in developing countries.

1. Define hypotheses and research questions

To guide the research on existing evidence and ensure meaningful connection to We-Fi's ToC, six hypotheses were developed based on We-Fi's four focus areas specified in its ToC: access to finance, access to skills and networks, access to markets and technology, and enabling environment (H1–H6, see Table 1). The hypotheses either focus on direct impacts (H1, H3, H4, H6) on WSMEs or on direct impacts through financial intermediaries (H2) or corporates (H5). Each hypothesis was then broken down into a set of research questions to explore linkages connecting various activities to outputs, outcomes, and impacts (R1.1–R6.4, see Figure 2).

2. Review and map evidence

Available evidence related to each hypothesis and research question was then reviewed and mapped to the impact pathways defined in We-Fi's ToC. The analyzed studies and reports included both quantitative and qualitative evidence and a variety of methodological approaches (e.g., experimental studies, meta-analyses, literature reviews, and case studies). The source list encompassed a wide range of publication types and study methods and was not limited to academic journals or rigorous studies. Each source of evidence on intervention effectiveness was systematically rated for relevance and quality following the rating methodology developed by Dalberg Advisors and FMO.¹² An overall confidence rating based on the relevance and quality variables led to a high, medium, or low score for each source. These scores were then integrated for all studies related to a specific research question to determine the overall strength of evidence (no evidence found, limited, emerging, strong) and direction of evidence (positive, mixed, negative) for each hypothesis and research question. This was then synthesized into an evidence map (see Annex 3).

3. Identification of promising interventions and knowledge gaps

Using the evidence mapping, preliminary patterns on interventions that may be effective in supporting WSMEs were highlighted (where evidence is positive). In addition, evidence gaps were identified, along with possible research opportunities and questions (where evidence is absent, limited, or emerging). These research opportunities were then prioritized in the peer review process.

¹² MASSIF Evidence Mapping, FMO, 2021 (see Annex 2)

Figure 2. Hypotheses and research questions to assess and map evidence on intervention effectiveness

H1	Improved access to finance (through more financing/investment going to WSMEs and increased capacity of financial intermediaries to serve WSMEs) leads to increased business performance, job creation and gender equality
R1.1	Does the availability of (tailored) financial products and services for WSMEs lead to better access to finance for WSMEs?
R1.2	Does improved access to finance lead to increased business investment and growth for WSMEs?
R1.3	Does better access to finance for WSMEs lead to a reduced gender financing gap?
R1.4	Does improved business performance and growth (through better access to finance) lead to increased job growth in WSMEs?
R1.5	Does improved business performance (through better access to finance) lead to increased business creation among women?
R1.6	Does improved business performance (through better access to finance) of WSMEs lead to women's empowerment?
H2	Strengthened capacity of financial intermediaries to serve WSMEs leads to sustainable capital flows to WSMEs (systemic change)
R2.1	Do (targeted) investments into WSMEs lead to performance benefits for financial intermediaries (business case)?
R2.2	Do more gender-inclusive teams and practices within financial intermediaries lead to performance benefits for financial intermediaries?
R2.3	Do more gender-inclusive teams and practices within financial intermediaries lead to a reduced gender financing gap?
R2.4	Do performance benefits for gender-inclusive financial intermediaries catalyze broader financing and investment to WSMEs?
H3	Improved access to skills and networks for women entrepreneurs (through gender-sensitive training programs and networking activities) leads to improved business performance, job creation, and gender equality
R3.1	Does a gender-sensitive design and delivery of training programs lead to increased female participation in trainings?
R3.2	Do business trainings for WSMEs lead to improved business knowledge and practices for WSMEs?
R3.3	Do training programs lead to improved business performance and growth for WSMEs?

R3.4	Does improved business performance and growth (through better access to skills and networks) lead to increased job growth in WSMEs?
R3.5	Does better access to skills and networks for WSMEs lead to increased business creation among women?
R3.6	Does better access to skills and networks for WSMEs lead to women's empowerment?
H4	Improved access to markets and technology for WSMEs (through inclusive value chains, public procurement, and digital platforms) leads to improved business performance, job creation, and gender equality
R4.1	Do inclusive value chain programs lead to an increased number and size of contracts awarded to WSMEs?
R4.2	Do gender-inclusive programs focusing on digital skills and tech lead to an increased number of WSMEs participating on digital platforms?
R4.3	Does improved access to markets lead to improved WSME business growth?
R4.4	Do more women start a business as WSMEs have better access to enter and thrive in new markets?
R4.5	Does better access to markets and technology lead to women's empowerment?
H5	Strengthened capacity of corporates to implement inclusive value chain programs improves broader access to markets for WSMEs
R5.1	Do inclusive value chain programs generate positive financial returns for corporations?
R5.2	Do performance benefits incentivize corporations to increase their sourcing from WSMEs?
H6	More WSME data, fewer discriminatory laws and policies, reshaped gender norms, and the availability of high-quality and affordable childcare options positively affects women's entrepreneurship and employment
R6.1	Does the collection and use of sex-disaggregated data by governments and financial intermediaries lead to a more data-driven approach to policy, intervention, and product design to support WSMEs?
R6.2	Do reduced gender biases in laws and policies correlate with higher women's entrepreneurship and employment?
R6.3	Does reshaping gender norms boost gender equality in entrepreneurship and employment?
R6.4	Does the availability of high-quality and affordable childcare options correlate with higher women's entrepreneurship and employment?

EVIDENCE ON WSME CONSTRAINTS

This chapter outlines the evidence on the many constraints that women entrepreneurs are facing. It gives an overview of the well-evidenced financial, human capital, and contextual constraints that hamper WSMEs' entry and growth potential, and shows how the economic and social impacts of the COVID-19 pandemic have exacerbated gender gaps among SMEs.

2.1 CONSTRAINTS FACING WOMEN ENTREPRENEURS

Financial constraints

A myriad of studies suggests that **access to finance** is one of the main challenges women entrepreneurs face. On average, women entrepreneurs have less access than men entrepreneurs to financial services, including credit, equity financing, and insurance. Accessing finance is particularly difficult for women entrepreneurs in the “missing middle,” where businesses are too big for microfinance institutions and informal investors but too small and risky for banks and venture capital (VC) and private equity (PE) firms. WSMEs receive a disproportionately small percentage of the already limited financing available for SMEs.¹³ The World Bank's International Finance Corporation (IFC) estimates that 70 percent of WSMEs in developing countries are unserved or underserved by financial institutions, resulting in a financing gap of approximately \$285 billion.¹⁴ Although microfinance has partly filled the financing gap for women entrepreneurs, microfinance is usually limited to informal businesses with limited growth potential.

Evidence shows that WSMEs have limited access to loans and other banking services. World Bank Global Findex data indicate that only 30 percent of women have access to a bank account in low-income countries.¹⁵ Only 65 percent of women benefit from financial services (compared to 72 percent of men) and of the women who receive financial services, 73 percent are dissatisfied with them.¹⁶ In many emerging economies, WSMEs' ability to access loans is hindered by collateral requirements and high interest rates.¹⁷ Pre-pandemic data show that 16 percent of WSMEs worldwide reported dependence on bank loans, compared to 22 percent of SMEs owned by men.¹⁸ Furthermore, data from PitchBook and the Global Banking Alliance for Women's (GBA) Women's Market Analytics show that at a global level, loans for women are, on average, one-third lower than for men.¹⁹ Women entrepreneurs' limited access to loans is also seen in value chain or trade finance, which supports 80 to 90 percent of international trade.²⁰ In developing countries, up to a third of SMEs face challenges in accessing trade finance. In Africa, the estimated value of unmet demand for trade finance is \$120 billion, while in developing Asia, it is \$700 billion.²¹ Results of the Asian Development Bank's Trade Finance Gap, Growth, and Job Survey show that 45 percent of trade finance applications of surveyed SMEs are rejected by banks, but the rejection rate for WSMEs is higher than for firms owned by men (44 percent versus 38 percent).²²

¹³ Schiff et al. 2013

¹⁴ IFC 2014

¹⁵ Data from the World Bank Global Findex Database, World Bank Group, Washington, DC, <https://globalfindex.worldbank.org/>

¹⁶ Financial Alliance for Women 2020

¹⁷ GPFI and IFC 2011; IFC 2014; We-Fi and World Bank 2021

¹⁸ Skonieczna and Castellano 2020

¹⁹ Data from GBA's Global Women's Market Survey, Global Banking Alliance for Women. https://financialallianceforwomen.org/wp-content/uploads/2017/02/InBrief-BusinessCase_FINAL.pdf

²⁰ Data from World Trade Organization, https://www.wto.org/english/thewto_e/coher_e/tr_finance_e.htm

²¹ World Trade Organization 2016

²² Data from Trade Finance Gaps, Growth, and Jobs Survey, Asian Development Bank, <http://dx.doi.org/10.22617/BRF210379-2>

The gender financing gap is especially apparent in the equity financing space. In emerging markets, only 11 percent of seed venture capital goes to women-owned startups.²³ Crunchbase data show that only 2 percent of global venture capital went into all women-founded companies in 2020—less than it was a decade ago.²⁴ The same source indicates that in the first half of 2021, venture capital funding soared 95 percent globally, compared to the first half of 2020; however, the share received by women-led firms fell 27 percent in 2020 over 2019. Deep-rooted discriminatory practices and stereotypical attitudes have a documented impact on this funding gap, which may stem from male investors’ belief that WSMEs are riskier or simply that entrepreneurship itself is more of a male than female sphere.²⁵ This may also be related to the lack of women in VC, PE, or angel investing.²⁶ Only 8 percent²⁷ of senior positions in emerging market VC and PE firms are held by women.²⁸ Female leadership in banks and providers that use technology to deliver financial services (fintechs) also remains low in most of the world. In 2019, the proportion of women in leadership roles in financial services firms stood at 22 percent.²⁹

Human capital constraints

Another factor that holds women entrepreneurs back is their **limited access to knowledge, skills, and networks**. Evidence shows that, compared to women, men entrepreneurs tend to have higher technical, financial, and management skills and are also more likely to demonstrate confidence in their abilities and participate in trainings.³⁰ Moreover, many women entrepreneurs cannot get into entrepreneurship support programs, such as incubators, accelerators, or specialized training in fields related to science, technology, engineering, and mathematics (STEM). For example, a study from the Global Accelerator Learning Initiative (GALI) with data collected from over 300 accelerator programs between 2013–2018 with particularly strong representation of ventures from emerging markets (75 percent) showed that 52 percent of founding teams participating in accelerators were made up entirely of men, followed by 35 percent with both men and women, and only 13 percent composed entirely of women entrepreneurs.³¹

Growing evidence shows that this gender imbalance may be due to the time-intensive and demanding nature of entrepreneurship support programs, which may be problematic for women entrepreneurs with family obligations.³² Academic research also suggests that the key on-ramps into startup support programs may materialize long before a founder considers applying, namely during college and graduate school as these are settings where early networks are formed.³³ Growing evidence indicates that women tend to have smaller and less diverse networks than men,³⁴ mostly comprised of other women.³⁵ Women usually rely on networks with “strong ties” such as family, friends, or colleagues when starting a business. Data also show that women entrepreneurs are less likely than their male counterparts to know at least one entrepreneur—a factor that doubles the likelihood to start a business.³⁶

²³ IFC, Oliver Wyman and Rock Creek 2019

²⁴ Diaz-Ortiz 2021

²⁵ IFC, Oliver Wyman and Rock Creek 2019; Fackelmann and De Concini 2020

²⁶ For more information about women in venture capital, see <https://www.women-vc.com/>

²⁷ Excluding China

²⁸ IFC 2019

²⁹ Rogish et al. 2019

³⁰ Gender Innovation Lab 2019

³¹ GALI 2020

³² Armitage and Feldman 2017

³³ AbdelAzim and Barto 2020

³⁴ Loscocco et al. 2009

³⁵ Klyver and Terjesen 2007

³⁶ Rose 2020

Another barrier blocking women from starting and growing a business is **limited access to markets** through corporate value chains and public procurement. WSMEs are gravely underrepresented in regional and global value chains as well as public procurement.³⁷ According to WEConnect International, globally, women-owned businesses earn less than 2 percent of the money spent on products and services by large corporations and governments.³⁸ Public procurement accounts for around one-fifth of the GDP in developed countries and 40 percent of the GDP in least developed countries, yet it is estimated that women entrepreneurs supply only 1 percent.³⁹ Several reports state that the lack of contacts, information, and networks of women entrepreneurs is a major impediment to becoming suppliers in corporate and public value chains.⁴⁰ The time-consuming application process is particularly challenging for women with time limitations due to competing family and childcare responsibilities. Moreover, enterprises in supply chains are often in need of working capital to bridge payment gaps, but bank requirements make it hard for WSMEs to receive working capital loans.⁴¹

Women entrepreneurs experience barriers in **accessing digital technologies and platforms**, like e-commerce. Women have limited access to digital technologies, like mobile phones or the Internet, due to affordability, safety, and security concerns. There is also a lack of awareness or perceived relevance of available technologies and a lack of digital literacy and skills. According to estimates by Groupe Speciale Mobile Association (GSMA), there is a 10 percent gender gap in mobile phone ownership and a 26 percent gap in mobile internet access in low and middle-income countries, with gaps of up to 70 percent in South Asia.⁴² Furthermore, evidence shows that women and girls are 25 percent less likely than men to use digital technology for basic purposes, four times less likely to know how to program computers, and 13 times less likely to file for a technology patent.⁴³

Contextual constraints

Legal and regulatory constraints may also disproportionately disadvantage women entrepreneurs. For example, in many countries in the developing world, women do not have equal rights to travel outside the home, register a business, sign a contract, open a bank account, own property, or prove their identity.⁴⁴ A number of countries have legislation that prevents women from building up capital or owning assets (e.g., unequal divorce laws, inequitable inheritance laws, and lack of land rights). Data from the World Bank's Women, Business and the Law program indicate that in a typical economy, women only have three-quarters the rights of men.⁴⁵

Findings across numerous studies show that **socio-cultural constraints and gender norms** often limit the ability of women entrepreneurs to start and grow businesses, especially in male-dominated industries.⁴⁶ For example, a 2021 survey of 221 women entrepreneurs in 42 low and middle-income countries indicated that 96 percent of women entrepreneurs had directly experienced gender stereotypes and 70 percent felt that such gender stereotypes had negatively affected their work as an entrepreneur.⁴⁷

³⁷ Chin 2017

³⁸ Vazquez and Frankel 2017

³⁹ International Trade Centre 2020

⁴⁰ International Trade Centre 2020; We-Fi and IFC 2021; We-Fi, WEConnect, and World Bank 2020

⁴¹ Chin 2017; We-Fi and World Bank 2020

⁴² GSMA 2019

⁴³ UNESCO and EQUALS 2019

⁴⁴ Women, Business and the Law 2021

⁴⁵ Women, Business and the Law 2021

⁴⁶ ILO 2014; Jayachandran 2020; Venkatesh et al. 2017; We-Fi and World Bank 2021

⁴⁷ Cherie Blair Foundation 2021

Women's ability to start and grow a business may also be restricted by **care responsibilities and domestic work** (e.g., childcare and elderly care) for which women spend two to ten times the amount of time as men.⁴⁸ This limits the amount of time women can dedicate to their businesses and often requires them to stay home or operate their business from home. The COVID-19 pandemic has further increased the domestic burden on women due to school closures and family illness.

Another major constraint to women's ability to effectively run a business is **gender-based violence (GBV)**. It can affect determinants of profits like women's choice of sector, business location, and networking. Legal protection against GBV is limited and the prevalence of GBV remains high worldwide. In regard to sexual violence as a form of domestic violence, laws are lacking in more than one in three countries.⁴⁹

The **lack of WSME data** is a considerable barrier to better understanding the factors holding women entrepreneurs back. A lack of awareness about the value of sex-disaggregated data at both regulators and financial institutions is one of the frequent challenges cited by regulators.⁵⁰ A 2015 study that included 173 banks from over 50 countries found that only 30 percent of included financial institutions were collecting and using sex-disaggregated data.⁵¹ The collection and use of gender data are often hampered by legacy information systems, limited data management capabilities, a lack of common standards and definitions leading to inconsistencies and low data quality, and concerns around data privacy.⁵²

Performance measures

These constraints make women under-represented in entrepreneurship and over-represented among the most vulnerable and smallest businesses. Recent data from the Global Entrepreneurship Monitor (GEM) show that, globally, one-third of all entrepreneurs are women. In developing countries, women represent half of all entrepreneurs and one in three growth-oriented entrepreneurs.⁵³ Women entrepreneurs are more likely to be in the informal sector and run smaller and less-growth-oriented firms clustered in low-margin industries, like retail, education, social services, or tourism, whereas men entrepreneurs dominate most manufacturing sectors.⁵⁴ These sectorial segregations seem to be similar across countries.⁵⁵

WSMEs report lower average profits and productivity than enterprises owned by men.⁵⁶ The clustering of women entrepreneurs in low-margin industries means that profits and productivity hover around 50 percent that of men. In developing countries, men in male-dominated sectors, men in female-concentrated sectors, and women cross-overs have 134, 130, and 50 percent higher profits, respectively and on average, than women who have not crossed over into male-dominated sectors, based on data from the Future of Business Survey (FBS).⁵⁷ A 2018 study on the Ghanaian garment industry documented that, even within the same industry, men-owned microenterprises

⁴⁸ International Trade Centre 2020

⁴⁹ World Bank Group 2018

⁵⁰ GBA, IDB, MIF and Data 2X 2019

⁵¹ Financial Alliance for Women 2018

⁵² Data 2X 2019

⁵³ Elam et al. 2022

⁵⁴ World Bank Group 2021

⁵⁵ Bardasi et al. 2011; Campos et al. 2014; Hallward-Driemeier 2013; World Bank Group 2021

⁵⁶ Bardasi et al. 2011; Campos and Gassier 2017; Hardy and Kagy 2020

⁵⁷ Goldstein et al. 2019

earned nearly twice as much profit as women-owned firms.⁵⁸ World Bank Enterprise Survey (WBES) data from 2006–2017 on 130,000 firms in 130 countries globally indicated that women-led businesses were associated, on average, with a -17.6 percent labor productivity (-1.7 percent employee growth).⁵⁹ Similarly, a 2020 study covering 128 developing countries found that labor productivity was about 11 percent lower among women-led than men-led firms.⁶⁰ A more recent 2022 study using worldwide firm-level data found that the lower levels in labor productivity were mainly present in manufacturing firms and only in small firms.⁶¹

2.2 COVID-19 IMPACTS ON WSMEs

Emerging evidence and research into the COVID-19 pandemic increasingly point toward disproportionately negative effects on women entrepreneurs in terms of business closures, profits, sales, and liquidity.⁶² The shock has profoundly affected sectors with a large share of women entrepreneurs, such as hospitality, tourism, and retail.⁶³ The pandemic has also disproportionately affected microenterprises and small businesses where women leaders and owners tend to be overrepresented.⁶⁴

WSMEs have been more likely to close due to the COVID-19 outbreak, according to various studies based on WBES or FBS data.⁶⁵ For example, a 2021 study documented that women-led businesses were subject to a higher likelihood of closure and a longer closure duration than men-led businesses during the pandemic.⁶⁶

Emerging research shows that COVID-19 has exacerbated pre-existing credit and liquidity constraints among women-led businesses.⁶⁷ During the pandemic, loans from traditional banks have become even harder to access. Hyland et al. (2021) showed that women-owned firms were more likely to have applied for a loan since the pandemic began and were more than twice as likely to have their application rejected than men-owned firms. Torres et al. (2021) explored gender differences in available liquidity and found that this gap was not statistically significant among micro-businesses but increased with the size of the firm to the disadvantage of women for larger firms. Despite these differences, the study indicated that women-led businesses were not, on average, more likely to report falling in arrears or expecting to fall in arrears.

The COVID-19 crisis has disrupted global, regional, and local value chains, causing significant challenges for both corporates and WSME. Emerging evidence shows that pandemic-induced disruptions to global value chains are likely to disproportionately affect WSMEs, which will need specific support in accessing corporate and public value chains.⁶⁸

Women-led firms have been more likely than men-led businesses to increase the use of digital platforms and to report product innovations, but WSMEs have exhibited a lower probability of making new investments in digital solutions. Data from the FBS show that women business leaders were 10 percent more likely to develop an online business presence than men business leaders.⁶⁹ Similarly, a study based on the WBES data found that, globally, women-led small and microenterprises were more likely to increase the use of digital platforms compared to men-led businesses.⁷⁰

⁵⁸ Hardy and Kagy 2018

⁵⁹ Allison et al. 2021

⁶⁰ Islam et al. 2020

⁶¹ Fang et al. 2022

⁶² Elam et al. 2022; Goldstein et al. 2020; Hyland et al. 2021; Liu et al. 2021; Torres et al. 2021

⁶³ ILO 2020a; Ugaz et al. 2020

⁶⁴ OECD and World Bank Group 2020

⁶⁵ Goldstein et al. 2020; Hyland et al. 2021; Paz et al. 2021

⁶⁶ Liu et al. 2021

⁶⁷ Apedo-Amah et al. 2020; Hyland et al. 2021; Torres et al. 2021

⁶⁸ We-Fi, WEConnect and IFC 2020b

⁶⁹ Facebook, OECD and World Bank Group 2020

⁷⁰ Iacovone et al. 2021

Some early evidence specific to the COVID-19 context points to the role of women's groups in providing support during times of crisis.⁷¹ Therefore, networks might play a central role in helping women entrepreneurs accelerate their business recovery from the impacts of COVID-19.

WBES data indicate that employees at women-led businesses have fared worse relative to employees in men-led companies.⁷² Given the higher representation of female workers in women-owned firms, it is possible that female workers make up a disproportionate share of those workers who have lost their jobs or experienced other negative impacts; however, this hypothesis would require further research to verify.

The increase in the demand for care has also disproportionately affected women's economic outcomes. Emerging evidence shows that women business leaders have spent more time on domestic tasks since the pandemic compared to men business leaders. One-third of women entrepreneurs feel that increased care demands have reduced their ability to focus on their businesses, hurting their ability to generate income.⁷³ Care support was cited by women entrepreneurs as one of the three most critical measure for helping their business through the pandemic.⁷⁴ Furthermore, the increase in domestic responsibilities may have also led to higher mental health challenges for women entrepreneurs, as a 2021 study from King's College London⁷⁵ showed. According to CARE International's global survey, 27 percent of women entrepreneurs reported mental health issues as a result of the pandemic, compared to 10 percent of men entrepreneurs.⁷⁶

Studies show that women-led businesses are less likely to have received some form of public support compared to businesses run by men.⁷⁷ Torres et al. (2021) found that women-led businesses were less likely to have received some form of public support despite being harder hit in some domains.⁷⁸ Other research shows that access to support programs is particularly limited in emerging markets and among smaller firms.⁷⁹ Government programs typically have strict eligibility rules and focus on companies with revenue, profits, and collateral, leaving many WSMEs behind. Additionally, many stimulus programs targeted at individuals or SMEs depend on identification and digital channels that women disproportionately lack.

The effectiveness of policies and programs launched in response to the COVID-19 pandemic still needs to be explored, as only a few have been evaluated so far. The perspective that standalone gender-intentional programs and policies are more effective than gender-neutral policies has been challenged by recent research. This suggests that structural factors (e.g., gender norms and sectoral dynamics) may limit WSMEs to access such opportunities.⁸⁰ Dhar et al. (2021) described some of the policy measures used to support WSMEs (i.e., social protection, small business support measures, targeted credit access, demand-led gender-intentional policies, and training programs for upskilling and cross-overs) and highlighted gaps and opportunities.

⁷¹ De Hoop et al. 2020

⁷² Hyland et al. 2021

⁷³ Facebook, OECD and World Bank Group 2020

⁷⁴ Facebook, OECD and World Bank Group 2020

⁷⁵ Stephan et al. 2021

⁷⁶ CARE 2020

⁷⁷ Torres et al. 2021

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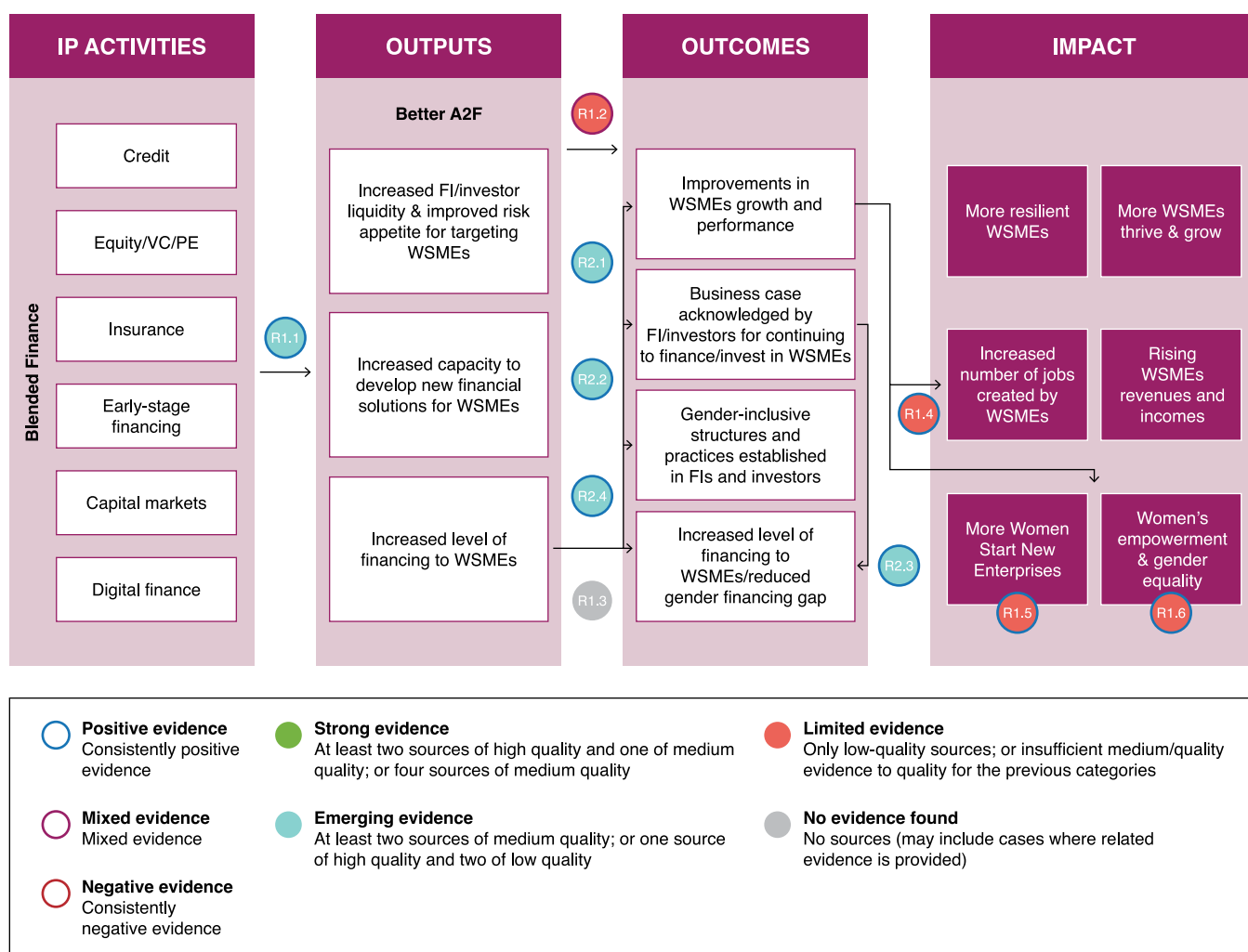
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EVIDENCE ON ACCESS TO FINANCE

3.1 IMPACT PATHWAYS

This chapter provides a review of existing evidence on what works and what does not work in addressing WSMEs' constraints and improving WSMEs' access to finance. As illustrated in We-Fi's ToC, the focus area "access to finance" offers several pathways to impact (see Figure 3). Research questions R1.1–R1.6 (direct impacts on WSMEs) and R2.1–R2.4 (indirect impacts through financial intermediaries) were derived from the ToC and mapped to different impact pathways. These research questions were used to guide the review and mapping of existing evidence. In this chapter, each research question is stated along with the overall evidence direction (positive, mixed, negative) and evidence strength (strong, emerging, limited, no evidence found). This is then followed by a short summary and a list of the available evidence.

Figure 3. Impact Pathways for Access to Finance



3.2 FINDINGS

H1	Improved access to finance (through more financing/investment going to WSMEs and increased capacity of financial intermediaries to serve WSMEs) leads to increased business performance, job creation and gender equality		
		Direction of Evidence	Strength of Evidence
R1.1	Does the availability of (tailored) financial products and services for WSMEs lead to better access to finance for WSMEs?	⊕	●
	Credit	⊕	●
	Equity		●
	Insurance	⊕	●
	Timing: Early-stage financing (e.g., accelerators, crowdfunding)	⊕	●
	Delivery channel: Digital finance	⊕	●

Credit: Emerging evidence shows that financial products and services customized to the needs of WSMEs (including digital delivery channels) improve their access to loans. Innovative products or design features have proven to be effective in addressing gender-based constraints in developing countries and enhance access to finance for women entrepreneurs. Emerging evidence also shows that digital technologies offer new delivery channels to effectively deliver credit to women entrepreneurs. Generally, financial institutions that follow a gender-inclusive design approach to develop customized solutions for women or WSMEs remain rare. For example, data show that only 22 percent of fintechs follow a gender-inclusive design approach to develop customized solutions for women.⁸¹

- ◆ **Micro-credit:** Academic research around different features of micro-credit has shown that the incentives given to borrowers to encourage on-time repayment, the timing and flexibility of repayments, and the flexibility of borrowers' contracts (e.g., loan size or interest rates) all have an impact on both business outcomes and loan default rates (and therefore, the possibility to access more loans). Moreover, there is a growing number of studies looking at alternatives to loans, for example, asset-based microfinance, which also show promise.⁸² More research is needed to understand the contexts and beneficiaries of various micro-credit features and innovations. It is also necessary to explore how these features and innovations can be adapted to products and services for larger businesses in the SME context.

⁸¹ Iskenderian and Sharma 2020

⁸² Cai et al. 2021

- ◆ **Cashflow-based lending:** Cashflow-based lending uses alternative data from mobile phone usage patterns, purchase habits, or historical transactional behavior to make credit decisions. It has shown effectiveness in overcoming collateral constraints and helping WSMEs access loans, including in sectors with high WSME participation, such as trade.⁸² In addition, psychometric credit assessments as an alternative to traditional loan assessments have proven positive results. A non-gender specific experimental study from Peru found that the use of psychometrics for SME lending increased loan use by up to 59 percentage points for applicants without a credit history.⁸³ In Ethiopia, a leading fintech company designed a psychometric test to predict the likelihood that a business owner will repay a loan as an alternative to traditional collateral. It enabled women entrepreneurs to borrow higher value loans.⁸⁵ A review by the World Bank's Gender Innovation Lab found that women entrepreneurs reported a 24 percent increase in business profits after borrowing, and repayment rates were 99 percent in the initial months. After the successful pilot in Ethiopia, the technology is now introduced in Zimbabwe, Madagascar, and Indonesia.⁸⁶
- ◆ **Non-financial services:** New banking products and services that integrate non-financial services (e.g., trainings on financial management and assessment on loan apps) show promise in increasing WSMEs' access to finance. Several banks have placed greater emphasis on developing non-financial services for women entrepreneurs (e.g., financial education and networking opportunities). For instance, BLC in Lebanon developed the "We Initiative," which includes learning and development programs, collateral-free loans, and mother's fiduciary accounts for their children. From 2012–15, loans to women grew by 8 percent, compared to 7 percent for the bank as a whole, and gross income grew by 8 percent for women, compared to 5 percent for the bank as a whole.⁸⁷
- ◆ **Gender-focused bonds:** Gender-focused bonds⁸⁸ are a recent development in the gender-lens investing space and remain relatively rare even as the market for sustainable debt (including green and social bonds) grows at a high pace. Only a small fraction of the sustainable debt issued has been earmarked to advance gender equality—predominantly issued by financial institutions for on-lending to women entrepreneurs. Although no evidence could be found on their effectiveness, gender-focused bonds are expected to lead to improved access to finance for WSMEs. Bonds that finance on-lending to WSMEs mostly measure impact by the number of loans made to women, but little is known about whether this impact is truly additional and how these loans impact women's livelihoods over the longer term.⁸⁹ As of March 2020, 13 gender-labelled bonds were issued by a variety of entities ranging from large commercial banks to NGOs to MDBs.⁹⁰ For example, Turkey's Garanti Bank, the first private sector bank in the world, expects to triple the number of loans to WSMEs over the next five years. Other examples include gender bonds issued by Bank OCBC NISP in Indonesia, the Bank of Ayudhya in Thailand, and Banistmo in Panama.

⁸³ We-Fi World Bank 2021

⁸⁴ Arraiz et al. 2017

⁸⁵ Alibhai et al. 2019

⁸⁶ Gender Innovation Lab 2020

⁸⁷ IFC 2017a

⁸⁸ Gender-focused bonds include gender bonds but also social or sustainability bonds that integrate gender projects

⁸⁹ ICMA, UN Women and IFC 2021

⁹⁰ fsd africa, UN Women and UKAID 2020

- ◆ Trade finance: SMEs, in particular WSMEs, face the greatest hurdles in accessing trade finance.⁹¹ The high number of rejected trade finance applications of WSMEs by banks indicates that alternative products and services are needed to provide WSMEs with trade or value chain financing. It can be seen that WSMEs are increasingly looking at fintech or development institutions as alternatives to traditional bank-facilitated trade finance. In Canada, for example, Export Development Canada (EDC) works specifically with WSMEs to provide them with not only trade knowledge and insights, but also export credit and guarantees to secure international transactions, as well as credit insurance for exporting business owners to cover the losses associated with unpaid invoices.
- ◆ Digital payments and credit: Digital payments are an important innovation in delivery channels for loans and other cash delivery (like grants or transfers). Digital credit in the form of short-term, high-interest loans offered via mobile money has exploded in popularity across the world. Research from Nigeria reveals that 70 percent of WSMEs prefer to apply for loans via digital platforms such as mobile phones,⁹² while survey results among WSMEs from Zambia show that 71 percent use mobile platforms to receive payments and 61 percent to make payments.⁹³ Numerous studies illustrate how mobile money increases women's access and use of a range of financial products and services from which they were previously excluded. For example, a study based on WBES data from 16 countries in Africa found that women-owned firms' use of mobile money increased their investment.⁹⁴ Moreover, the study indicated that mobile money also seemed to spur higher demand for more credit by women-owned firms. The two patterns were not observed for men-owned firms. A literature review of evidence from Indonesia and Bangladesh found that mobile banking has helped women entrepreneurs access financial services by overcoming limitations in mobility, especially in Muslim countries.⁹⁵ A recent synthesis paper by the Digital Credit Observatory reviewed the small but emerging evidence on the impacts of digital credit with studies from Africa, Asia, and Latin America and the Caribbean. It documented very high rates of take-up compared to traditional micro-credit.⁹⁶ There are other studies, but most of them focus on women as individuals or on SMEs in general rather than WSMEs. Lastly, it is important to highlight that digital loans also come with risks, as they do not require personal interactions and decisions are made by an algorithm (e.g., based on mobile money transaction history) instead of a loan officer. Recent evidence from Sub-Saharan Africa highlights the risks of entering into debt spirals via mobile credit due to low financial literacy and often opaque loan terms.⁹⁷

Equity: No evidence could be found whether VC and PE funds enable access to finance for WSMEs (and SMEs in general) in emerging markets, as early-stage funds are a relatively new phenomenon in emerging markets. Similarly, there is only **limited evidence** that acceleration and crowdfunding can help women entrepreneurs access finance and grow investment faster than non-participating entrepreneurs.

- ◆ VC and PE funds: Available studies are mostly focused on African countries and are not generalizable due to small sample sizes and limited geographic coverage. Although there is no strong evidence, several sources indicate that funds might be better suited to serve SMEs in emerging markets than banks, as they

⁹¹ World Trade Organization 2016

⁹² We-Fi World Bank 2021

⁹³ We-Fi World Bank 2022

⁹⁴ Islam and Muzi 2020

⁹⁵ Nugroho and Chowdhury 2015

⁹⁶ Robinson et al. 2022

⁹⁷ Brailovskaya 2021

often provide crucial managerial and entrepreneurial support to SMEs.⁹⁸ When looking at global trends, impact funds, gender-lens funds and women-led funds are gaining traction, which may spur more and higher investments in WSMEs. Project Sage 4.0 indicated that the total capital raised for gender-lens funds by June 30, 2021 was around \$6 billion—almost tripling the \$2.2 billion figure reported in 2019.⁹⁹

- ◆ Accelerators (early-stage equity financing): A non-gender-specific study conducted by GALI looked across 43 accelerator programs to show that entrepreneurs who participated in accelerators may be able to raise a higher amount of equity and debt than rejected ventures in emerging markets (equity +13 percent, debt +43 percent).¹⁰⁰ Village Capital built and implemented a peer-selected investment methodology, which gives groups of early-stage, high-growth entrepreneurs the power to make a collective decision on who should receive investment. Village Capital tested the methodology in more than 70 accelerator programs, resulting in more than 100 seed-stage investments. These investments are significantly more diverse (46 percent female-led companies) than the traditional VC portfolio (15 percent female-led companies). Moreover, results from the study showed that the peer selection model mitigated gender biases in the investment decision-making process and could be more effective at identifying future revenue performance, especially for women-led companies.¹⁰¹
- ◆ Crowdfunding (early-stage equity financing): Crowdfunding is gaining traction and women have proven to be more likely to set up successful crowdfunding campaigns than men; however, these dynamics must be better understood for emerging markets. An analysis of 492 equity crowdfunding campaigns launched between 2013 and 2017 in Brazil, Chile, and Mexico¹⁰² showed that the involvement of at least one woman on the board increased campaign success rates in terms of the investors' average pledge and the target amount reached. It did not increase the likelihood of a campaign being financed by a greater number of investors.

Insurance: Evidence in the insurance space is still *limited*, but a 2015 IFC, AXA, and Accenture report suggested that new insurance solutions for WSMEs can help them manage their risks and also access financing.¹⁰³

- ◆ The IFC, AXA and Accenture study outlined how the financial sector has increasingly recognized the need for differentiated financial and insurance products and distribution strategies to serve women and WSMEs. For example, Kashf Foundation in Pakistan offers credit life insurance protection for microcredit loans to new women entrepreneurs by conducting pre-feasibility studies to assess their investment needs and earning potential. Intesa SanPaolo, an Italian bancassurer, recognized the need to provide business interruption and personal protection tailored for women entrepreneurs. It created the “Business Gemma” insurance policy and loan for which they received several innovation awards. Porto Seguro, one of the largest insurance companies in Brazil, added concierge services to its motor policy, “Auto Mulher”, aimed at women. It includes 24-hour vehicle or home assistance and access to drivers who can pick up children from school. In India, Tata AIG developed the “Insurance Woman Policy,” which offers women a helpline and discounts for health and wellness services. It also offers a family policy, which covers children’s education in the event of the death or total disability of the policyholder.

⁹⁸ FMO 2021










⁹⁹ Biegel and Hunt 2020

¹⁰⁰ GALI 2017

¹⁰¹ Village Capital 2019

¹⁰² Cicchiello et al. 2021

¹⁰³ IFC, AXA and Accenture 2015

		Direction of Evidence	Strength of Evidence
R1.2	Does improved access to finance lead to increased business investment and growth for WSMEs?		
	Credit (i.e., micro-credit)		
	Grants		
	Equity		
	Insurance		

Credit: Overall, evidence on the relationship between improved access to credit and increased business performance of WSMEs is mainly focused on micro-entrepreneurship and remains ***mixed***. However, recent literature suggests that micro-credit might have important impact heterogeneity based on intra-household norms. More research is needed to explore the impacts of loans focused on SMEs as well as the heterogeneous effects of different SME credit programs.

- ◆ Micro-credit: Much of the existing evidence on micro-credit suggests that access to micro-credit does not translate into increases in business performance and growth.¹⁰⁴ While some gender-specific studies indicate a positive relationship between access to micro-credit and improved business performance of women-led businesses,¹⁰⁵ other studies indicate a lack of returns in women-led businesses.¹⁰⁶ Although there is little evidence on the impacts of micro-credit on the average borrower, Cai et al. (2021) argue that the impacts vary depending on the type of borrower. For example, they found that micro-credit typically did not impact business profits if the entrepreneur did not have any previous business experience.¹⁰⁷ This shows that understanding heterogeneous effects of credit and segmenting female borrowers might be key to improving the overall impact of lending. For example, using data from experiments in India, Sri Lanka, and Ghana, Bernhardt et al. (2019) showed important effect heterogeneity among female respondents, comparing those in single-enterprise households with those in multiple-enterprise households. The absence of a profit response for women-led enterprises in multiple-enterprise households reflected the fact that women's capital was usually invested into their husband's enterprise.¹⁰⁸ In a study focusing on micro-entrepreneurs in Uganda, grants and loans and training were cross-randomized. Although the study did not find complementarity for women-owned enterprises, it showed important effect heterogeneity by behavior in hiding money, as the only way for women to have control over resources¹⁰⁹ Lastly, results of a randomized controlled trial in the Philippines showed that although access to micro-credit led to a decreased number of business activities and employees in both women-led and men-led micro-enterprises, micro-loans increased the ability to manage risk in the household and strengthen community ties.¹¹⁰ This may point to a market failure for consumer credit, as using business loans may be the only way that people can get credit for consumption smoothing.

¹⁰⁴ Bandiera et al. 2013; Buvinic et al. 2015; Cai et al. 2021; ILO 2014

¹⁰⁵ Khaleque 2018; Osa Ouma and Rambo 2013

¹⁰⁶ Karlan and Zinman 2011

¹⁰⁷ Cai et al. 2021

¹⁰⁸ Bernhardt et al. 2019

¹⁰⁹ Fiala 2018

¹¹⁰ Karlan and Zinman 2011

- ◆ Digital delivery channels: Using firm-level data from Kenya, Tanzania, and Uganda, a non-gender-specific study found a positive relationship between firm's mobile money use and purchase of fixed assets—a finding largely driven by SMEs.¹¹¹ Other studies show how digital loan disbursement can add elements of privacy and control over how women invest their money, resulting in higher business investments and profits. For example, results from an experiment in Uganda, in which female bank clients were randomly assigned to receive micro-credit in a mobile account versus in cash showed that women who received the money in a mobile account had, on average, 15 percent higher profits and 11 percent more business capital.¹¹²

Grants: Similar to credit, there is ***mixed evidence*** whether better access to grants leads to improved business performance for WSMEs. Evidence suggests that grants may lead to positive impacts on business growth for women-led businesses if certain conditions are met (e.g., in-kind grants or larger cash grants to be used for business investment).

- ◆ While several meta-analyses summarize that access to grants may not lead to sustained increases in revenues or profits of women's microenterprises,¹¹³ some studies suggest a positive relationship of grant capital on WSMEs' business performance. For example, some evidence indicates that in-kind and larger cash grants may have a significant impact on women's business performance. For example, evidence from a randomized experiment focusing on women microenterprises in Ghana showed that in-kind grants (e.g., assistance in buying inventory or machinery) led to remarkable profit impacts for larger WSMEs.¹¹⁴ Other evidence suggests that, while small cash grants might be used for household expenses, larger cash grants may have a significant impact on WSMEs' business performance.¹¹⁵ There was no statistically significant difference found between in-kind and cash grants for men entrepreneurs. In another experiment in Egypt, 3,294 approved loan applicants either received a loan, an in-kind grant, a cash grant, or no support.¹¹⁶ Similarly, (non-gender specific) results show that in-kind grants performed best in increasing business profits. Additionally, the study provides evidence that the individual heterogeneity of capital support provided, not the form, is a larger determinant of impacts, indicating that advances in targeting are as important as adapting the design in financial products and services.

Equity: ***Limited evidence*** and ***no rigorous studies could be found*** on the impact of equity financing finance on WSMEs' business performance.

- ◆ VC and PE funds: There is non-experimental, non-gender-specific evidence showing that VC and PE funds in emerging markets help SMEs accelerate business growth and attract additional financing and investment. Limited evidence from Ghana, Kenya, and Zimbabwe shows that PE investment is associated with higher profits.¹¹⁷
- ◆ Crowdfunding: Although there is no available sex-disaggregated data on WSMEs, a World Bank study on East African startups showed that crowdfunding may lead to increases in revenue and create employment, on average, by 2.2 new employees per year following a successful campaign.¹¹⁸

¹¹¹ Islam et al. 2018

¹¹² Riley 2020

¹¹³ Bandiera et al. 2013; Buvinic et al. 2015; ILO 2014

¹¹⁴ Fafchamps et al. 2011

¹¹⁵ Campos and Gassier 2017

¹¹⁶ Crépon et al. 2020

¹¹⁷ Mukwembi 2018

¹¹⁸ infoDev 2017

Insurance: Helping women entrepreneurs mitigate risk in their business and personal lives through tailored insurance products and services may lead to improvements in WSMEs performance and an increased level of financing going to WSMEs; however, **no rigorous studies could be found** that explores this relationship.

- ◆ A market research and modelling study with specific focus on 10 emerging markets argues that insurance provides WSMEs with a safety net that allows them to redirect their profits toward growth (e.g., technology investments, new employees) instead of using their savings to protect against business disruption.¹¹⁹

Importantly, there is **emerging positive evidence** that access to finance is only effective if combined with training (see R3.3).¹²⁰ However, there is no evidence on the cost-effectiveness of combining access to finance with training as well as on other combinations of bundled services (e.g., finance and networks). More SME-focused research on the impacts of different financial products and services on WSME business growth and their combination with non-financial services is needed.

		Direction of Evidence	Strength of Evidence
R1.3	Does better access to finance for WSMEs lead to a reduced gender financing gap?		●
	Credit		●
	Equity (i.e., accelerators)	⊖	●
	Insurance		●

Generally, there is a **lack of clear evidence** if better access to finance for WSMEs leads to a reduced gender financing gap. However, **mixed evidence** from **accelerator programs** shows that acceleration removes the disadvantage that women face when raising debt, but actually widens the gender financing gap in equity financing.

- ◆ GALI data show that women-led ventures that participated in accelerators raised, on average, nearly \$100,000 less in equity than men-led ventures.¹²¹ This aligns with findings of the 2020 We-Fi, IFC, and Village Capital study, which found that men-led ventures increased their equity financing considerably more (1.5 times) than non-accelerated ventures, while women-led ventures experienced the same increase regardless of acceleration.¹²²

		Direction of Evidence	Strength of Evidence
R1.4	Does improved business performance and growth (through better access to finance) lead to increased job growth in WSMEs?	⊕	●
	Business performance and growth		●
	Access to finance	⊕	●

¹¹⁹ IFC, AXA and Accenture, 2015

¹²⁰ Schiff et al. 2013; IFC and FMO 2020

¹²¹ GALI 2017

¹²² IFC, We-Fi and Village Capital 2020

Research on the linkage between WSME business performance and job growth **could not be found**. There is **emerging evidence** that finance has a positive effect on the number of employees in SMEs in general; however, **no gender-specific evidence could be found**. There is also some research that examines whether the growth of the overall SME sector leads to job growth.

- ◆ A recent report from IFC suggests a positive relationship between lending and job growth.¹²³ It examined the relationship between SME loan size and the jobs these enterprises create and provided a methodology for measuring job creation effects on SME finance initiatives. The report found that every \$1 million loaned to SMEs in developing countries was associated with the creation of an average of 16.3 additional direct jobs over two years when compared to firms that did not have access to finance. The methodology built on previous papers that found a positive relationship between access to finance and job growth.¹²⁴
- ◆ Evidence is mixed with regards to job growth contributions of SMEs compared to large firms in developing countries.¹²⁵ Numerous studies show that the SME sector provides most of the jobs in developing countries, such as a World Bank review of around 47,750 firms in 99 developing countries.¹²⁶ However, other studies, including a well-cited study from Africa based on World Bank enterprise survey data, note that the effect of job growth might be offset by a high rate of firm failures.¹²⁷

		Direction of Evidence	Strength of Evidence
R1.5	Does improved business performance (through better access to finance) lead to increased business creation among women?	⊕	●
	Business performance and growth		●
	Access to finance	⊕	●

No studies were found on how higher business growth of WSMEs impacts the ratio of WSMEs across the economy. However, there is **emerging evidence** on the impact of **finance on women's business startup**, although this evidence mainly focuses on micro-entrepreneurship.

- ◆ Several studies support the notion that women entrepreneurs are considerably credit-constrained and that overcoming this barrier facilitates their business entry. In the area of micro-entrepreneurship, findings from a randomized controlled trial in India indicated that access to microcredit increased the likelihood of women's business startup.¹²⁸ Moreover, Field et al (2011) found that flexible debt repayment terms may stimulate women's business entry and survival.¹²⁹ There are less studies related to SMEs. Evidence focused on WSMEs in Nigeria suggests that business plan competitions support the creation of WSMEs by providing affordable finance. A study of the first cohort of the Youth Enterprise with Innovation in Nigeria (YouWiN!) program indicated that women winners were slightly more likely to start enterprises, although they were not more likely to increase employment and business survival.¹³⁰

¹²³ IFC 2021

¹²⁴ Ayyagari et al. 2016

¹²⁵ FMO 2021

¹²⁶ Ayyagari et al. 2011

¹²⁷ Page and Söderbom 2015

¹²⁸ Banerjee et al. 2014

¹²⁹ Field et al. 2010

¹³⁰ McKenzie and Sanone 2019; McKenzie 2017

		Direction of Evidence	Strength of Evidence
R1.6	Does improved business performance (through better access to finance) of WSMEs lead to women's empowerment?	⊕	●
	Business performance and growth		●
	Access to finance	⊕	●

Research on the linkage between WSME business growth and women's empowerment **could not be found**. Similarly, there is only **limited evidence** that **improved access to finance leads to improved women's empowerment**.¹³¹

- ◆ The general evidence on the impact of microfinance indicates that access to microfinance has no or very small impacts on women's entrepreneurship and women's empowerment.¹³² Most impact comes from stimulating the growth of existing enterprises, and not from helping non-entrepreneurs convert into successful entrepreneurs.¹³³ There is also no clear evidence of gains in social indicators, such as education and health.¹³⁴ More research is needed to explore these relationships for SMEs.
- ◆ There is emerging evidence that digital financial services like mobile money accounts (digital payment mechanisms rather than loan itself) help close the gender gap and empower women through rising incomes and more decision-making power at home. For example, in Uganda the digital delivery of financial services has enabled greater control of accounts among women, who would have faced intra-household pressure to share capital when loans were delivered in cash.¹³⁵ Similarly, an experiment in Kenya found that free access to bank accounts had a significant effect on investment for women micro-entrepreneurs but not for men micro-entrepreneurs.¹³⁶ Another study from Kenya showed that when women-headed households adopted mobile money accounts, poverty decreased, savings increased, and 185,000 women left agricultural jobs for higher paying jobs in business or retail.¹³⁷
- ◆ The risks of increased intimate partner violence (IPV) linked to women's economic empowerment should not be neglected. For example, a recent study in Sub-Saharan Africa reinforces well-established patterns between women's economic empowerment and IPV by showing that women's employment and women earning more than their partners increases the likelihood of IPV.¹³⁸

¹³¹ "Women's empowerment" can here be defined as improved livelihoods for women, better control over assets, and increased decision-making power at home.

¹³² EBRD 2015

¹³³ Banerjee et al. 2018

¹³⁴ Cai et al. 2021

¹³⁵ Riley 2020

¹³⁶ Dupas and Robinson 2013

¹³⁷ Suri and Jack 2016

¹³⁸ Stöckl et al. 2021

H2	Strengthened capacity of financial intermediaries to serve WSMEs leads to sustainable capital flows to WSMEs (systemic change)		
		Direction of Evidence	Strength of Evidence
R2.1	Do (targeted) investments into WSMEs lead to performance benefits for financial intermediaries (business case)?	⊕	●

Although there is **emerging evidence** on the positive financial returns on investment in women and WSMEs, at present, there is still insufficient data to make a compelling business case detailing the financial benefits of accessing the market of women entrepreneurs. Sex-disaggregated data and targeted research are fundamental in building the business case for investing in WSMEs.

- ◆ VC and PE funds: An analysis conducted by Boston Consulting Group¹³⁹ based on MassChallenge data revealed that businesses founded by women ultimately delivered higher revenue than those founded by men. For every dollar of funding, women-founded startups generated 78 cents, while men-founded startups generated less than half that: just 31 cents. Moreover, IFC research found that gender-balanced leadership teams in portfolio companies of PE/VE firms were correlated with around 25 percent greater increases in valuation compared to gender-imbalanced teams.¹⁴⁰ The median gender-balanced portfolio company experienced a 64 percent increase in company valuation between two rounds of funding or liquidity events, which was about 10 percentage points greater than that of gender-imbalanced portfolio companies. Furthermore, PitchBook data show that businesses with women on their founding teams are likely to exit at least one year faster compared to the rest of the market, and the number of exits for companies with at least one female founder is growing at a faster rate than for companies with only male founders.¹⁴¹
- ◆ Banks: There is emerging evidence that the women's market is a very profitable opportunity for banks and other financial institutions. Data show that women have lower rates of non-performing loans, higher deposits relative to income, and greater loyalty and advocacy.¹⁴² A sample of 133 IFC client financial intermediaries shows that the average non-performing loan (NPL) ratio for loan portfolios of WSMEs (4.6 percent) is significantly lower than the average NPL ratio for total SME loan portfolios (5.3 percent).¹⁴³ This evidence means banks can earn healthy profits from women's programs usually in less than two years. For example, BLC Bank's "We Initiative" in Lebanon was profitable within 18 months, while Banca Mujer at Banco Nacional de Costa Rica became profitable in its first year after a 60 percent growth in the number of women SME customers.¹⁴⁴

¹³⁹ Abouzahr et al. 2018

¹⁴⁰ IFC and CDC 2020

¹⁴¹ PitchBook, AllRaise, Goldman Sachs, and Microsoft for Startups 2019

¹⁴² Financial Alliance for Women 2014

¹⁴³ IFC 2021

¹⁴⁴ Clempner et al. 2020

- ◆ **Insurers:** Initial evidence indicates that targeting WSMEs can yield higher returns and offer immense business potential for insurance companies. For example, a series of IFC case studies shows how insurers in the Philippines, Nigeria, Bangladesh, and South Africa began to differentiate themselves in an increasingly competitive retail market by focusing on women.¹⁴⁵ There is growing evidence that insured women are more profitable, exhibit less fraudulent claims activity, can be more loyal customers, and even motivate others to use a certain service.^{146,147}
- ◆ **Fintechs:** Limited evidence from fintechs that collect sex-disaggregated data shows a compelling business case for serving the women's market. Among them, 95 percent report that customer acquisition costs for women are lower than those for men and 86 percent state that the lifetime value of a woman customer is equal to or greater than a man's.¹⁴⁸ Furthermore, data show that banks offering digital services are able to lower their cost by 80 to 90 percent.¹⁴⁹

		Direction of Evidence	Strength of Evidence
R2.2	Do more gender-inclusive teams and practices within financial intermediaries lead to performance benefits for financial intermediaries?	⊕	●

There is **positive emerging evidence** on the positive financial returns on gender-inclusive structures and teams in financial intermediaries.

- ◆ **VC and PE funds:** Emerging evidence shows that gender-balanced investment teams (i.e., an increased number of female partners) lead to higher fund returns and profits. According to a study in the Harvard Business Review,¹⁵⁰ VC firms that increased the number of female partners by 10 percent experienced a 1.5 percent increase in fund returns each year, plus 9.7 percent more profitable exits. Furthermore, IFC research based on data from over 700 funds operating in emerging markets found that, in 2019, VC and PE funds with gender-balanced senior investment teams generated up to 20 percent higher returns compared to other funds.¹⁵¹

		Direction of Evidence	Strength of Evidence
R2.3	Do more gender-inclusive teams and practices within financial intermediaries lead to a reduced gender financing gap?	⊕	●

¹⁴⁵ IFC and We-Fi 2020a

¹⁴⁶ GIZ, IFC and Women's World Banking 2017

¹⁴⁷ IFC and We-Fi 2020b

¹⁴⁸ Financial Alliance for Women 2020

¹⁴⁹ McKinsey Global Institute 2016

¹⁵⁰ Gompers and Kovvali 2019

¹⁵¹ IFC, Oliver Wyman, and Rock Creek 2019

The business case for prioritizing investments and financing going to WSMEs has yet to be fully made. However, there is **emerging evidence** that gender-inclusive fund structures and practices lead to prioritized investments in WSMEs and a reduced gender financing gap, and gender intelligence trainings with loan officers at banks are effective in tackling discriminatory tendencies.

- ◆ VC and PE funds: A field study conducted at TechCrunch Disrupt between 2010 and 2016 revealed that (often male) investors tended to ask men entrepreneurs promotion-focused questions and women entrepreneurs prevention-focused questions, resulting in divergent funding outcomes. Results show that entrepreneurs asked promotion-focused questions raised significantly higher amount of funding than those asked prevention-focused questions. Prevention-focused questions hinder an entrepreneur's ability to raise capital, fully mediating gender's effect on funding.¹⁵² Awareness of such common practices and adoption of tactics to diminish them are crucial to closing the gender gap in startup funding. Furthermore, several studies illustrate that women investors are more likely to invest in women-founded startups than men investors. According to IFC research and data from PitchBook and All Raise, women are twice as likely to invest in companies with female founders¹⁵³ and three times as likely in companies with female CEOs.¹⁵⁴ This is also supported by the findings of a massive investment simulation experiment at the Wharton School. It showed that assigning 1 percent more female players to the investor role resulted in lowering the gender gap in startup funding by 272 percent.¹⁵⁵ China also demonstrates this relationship: the country has a high number of women-led VC and PE equity firms as well as five of the nine women-founded unicorns (startups with a value of over \$1 billion) since 2010. Moreover, it is the only economy in emerging markets that has more than one women-led unicorn.¹⁵⁶
- ◆ Banks: Emerging evidence also indicates that more gender-inclusive structures and practices at banks may lead to a reduced gender financing gap. Promoting female leadership (and female employment in general) in the financial sector and employee trainings, such as unconscious bias or gender intelligence training, have proven successful in sensitizing loan officers to the gender financing gap. A study looking at gender discrimination among loan officers in Turkey found that male and female officers both held implicit discriminatory views and that discriminatory tendencies declined with experience. Based on these findings, Brock and De Haas (2021) concluded that banks should ensure that lending decisions are made by sufficiently trained and experienced loan officers.¹⁵⁷ Another study from IFC and Habib Bank Limited (HBL) in Pakistan explored the differences between employees who have undergone gender intelligence trainings versus untrained employees. The study showed that trained managers outperformed untrained managers in terms of increased women's deposits.¹⁵⁸ Lastly, a study using 696 matched business owner/manager and bank manager pairs examined how gender of both the business owner/manager and bank manager influences business owner/managers' perceptions about their banking relationships. Results showed that male-male pairs had the highest level of trust and satisfaction with credit access, while female-female pairs had the lowest levels.¹⁵⁹

¹⁵² Kanze 2018

¹⁵³ IFC, Oliver Wyman, and Rock Creek 2019

¹⁵⁴ PitchBook, AllRaise, Goldman Sachs and Microsoft for Startups 2019

¹⁵⁵ Assenova and Mollick 2019

¹⁵⁶ IFC, Oliver Wyman, and Rock Creek 2019

¹⁵⁷ Brock and De Haas 2021

¹⁵⁸ IFC 2017b

¹⁵⁹ Saporito 2013

		Direction of Evidence	Strength of Evidence
R2.4	Do performance benefits for gender-inclusive financial intermediaries catalyze broader financing and investment to WSMEs?	⊕	●

Evidence from We-Fi and another large-scale fund, the Women Entrepreneur Opportunity Fund (WEOF), shows **emerging positive evidence** on the efficacy of their interventions in catalyzing broader financing and investment in WSMEs. No academic studies could be found, thus, there is a need for more evidence, including experimental studies to complement funder-provided data.

- ◆ Blended finance: Results from the 2020 round of the OECD Blended Finance Funds and Facilities Survey¹⁶⁰ showed that blended finance plays an important role in mobilizing more financial resources for gender equality. It can be seen that the most common reason cited for focusing a blended finance vehicle to gender equality among investors is the “potential for return enhancement”. However, there is much room to strengthen the focus on gender equality in blended finance projects, including in infrastructure investments and climate finance. The main challenge blended finance funds and facilities experience is the measurement of the impact of their investment, including more transparency and better reporting of impact results. Generally, more evidence is needed on how blended finance can increase financial resources deployed to advancing gender equality.
- ◆ Mobilized funding: We-Fi allocations of approximately \$350 million have already mobilized nearly \$1.6 billion, bringing We-Fi closer to its mobilization target of \$3.5 billion in external funding from implementing partners, the private sector, recipient governments, and bilateral agencies for a financial leverage of 10.¹⁶¹ WEOF has also mobilized external funds to complement its investments at a ratio of 1:2 between 2015-2019.
- ◆ Organizational change: The We-Fi Mid-Term Review showed that We-Fi impacts the approaches of supported intermediaries, with 73 percent of partners indicating their strategic approach in regard to the WSME segment has changed.¹⁶² Furthermore, the WEOF progress report stated increased lending to WSMEs among participating financial institutions.¹⁶³ Participating financial intermediaries noted an 86 percent increase in the number of loans to WSMEs in comparison to a 41 percent increase in the overall IFC financial intermediary portfolio. Moreover, the WEOF report showed that financial institutions that received capacity building support tended to grow their WSME portfolios at a higher rate than those that did not receive any additional support.
- ◆ Multiplier effect: Although there is emerging evidence that supported financial intermediaries may create a competitive advantage by expanding their offering in the growing women’s market, there is no evidence yet on a multiplier effect to other financial institutions.

¹⁶⁰ OECD 2022

¹⁶¹ We-Fi 2021

¹⁶² We-Fi 2021

¹⁶³ IFC and Goldman Sachs 2019

3.3 EVIDENCE GAPS AND PRIORITIZED RESEARCH OPPORTUNITIES

Based on the knowledge gaps and general unevenness of the evidence reviewed (see Annex 3), an extensive list of research opportunities and potential questions has been derived to support possible future studies (see Annex 4). As part of the peer review process of this paper and based on the top research areas indicated by peer reviewers, the following three research opportunities have been identified:

1. Gender-responsive financial products and services for WSMEs
2. The use of bundled products and services
3. Financial intermediary effectiveness

Gender-responsive financial products and services for WSMEs

Evidence gaps: Overall, this review shows that evidence on improving access to finance for WSMEs is growing but still scarce. Most of the available evidence is focused on micro-credit, while other financial products and services (i.e., debt, equity or insurance), delivery channels (i.e., digital finance), and sources of finance (i.e., capital markets) remain widely unexplored. More data are needed on the effectiveness of different credit lines for SMEs, as well as more rigorous studies in other areas like equity financing or insurance. For digital finance, evidence is largely focused on mobile money and Sub-Saharan Africa. Little rigorous evidence is available on other models of fintech and there is a data gap with respect to the impact of fintech solutions on WSMEs and women in general. Generally, there is a lack of evidence on how different financial products and services contribute to higher-order impacts like women's business creation, job growth, and women's empowerment.

Research opportunities: Studies exploring the effectiveness of gender-responsive financial products and services, delivery channels, and sources of finance on WSMEs' access to finance, business growth, and women's empowerment:

- a. Studies on the effectiveness of WSME-focused loan products (including trade finance) other than micro-loans
- b. Rigorous studies on the effectiveness of other financing options like equity (early-stage/growth-stage), quasi-equity, and insurance
- c. Studies on the effectiveness of digital delivery channels on the access and use of different financial products and services
- d. Studies on a wider range of fintech models, other than mobile money, and their impacts on WSMEs access to finance, business growth, and women's empowerment
- e. Studies on the effectiveness of gender-responsive financial products and services delivery channels, and sources of finance for different types of entrepreneurs (segmentation)

The use of bundled products and services

Evidence gaps: Much of the existing research, albeit limited, focuses on specific products or services being provided to support women entrepreneurs. Emerging evidence shows that combining access to finance with training might positively effect outcomes. In addition, there is no clear evidence that this can be done cost-effectively. More research is needed to test the effects of relaxing multiple constraints versus a single constraint.

Research opportunities: Studies exploring how to tackle multiple constraints by offering bundled services (e.g., finance, skills, networks):

- a. Studies on how different combinations of services and products can effectively increase WSME business growth and women's empowerment, in addition to considering cost-effectiveness of interventions
- b. Studies on the effectiveness of bundled products and services for different types of entrepreneurs and businesses
- c. Studies on how women entrepreneurs with the highest returns to capital and training can be targeted

Financial intermediary effectiveness

Evidence gaps: Although there is more and more positive evidence detailing the financial benefits of financial intermediaries accessing the market of women entrepreneurs, there is still insufficient data to make a compelling business case. Moreover, it is not clear how this positive business case can be leveraged to drive gender-lens organizational change and tackle gender biases to create more sustainable capital flows going to WSMEs. More research is needed to understand how those financial intermediaries that are collecting sex-disaggregated data have been able to use this data to inform their business decisions. Besides the collection and use of sex-disaggregated data, other interventions might drive gender-lens organizational change in financial intermediaries (e.g., gender intelligence employee trainings; more female staff and leaders), but more data, including more long-term data, are needed for different types of financial intermediaries (e.g., funds, accelerators, insurance companies).

Research opportunities: Studies exploring what factors and mechanisms work best to drive gender-lens organizational change in financial intermediaries and create sustainable capital flows going to WSMEs:

- a. Studies on the effectiveness of blended finance and how performance-based incentives and risk sharing mechanisms enable financial intermediaries to increase financing going to WSMEs
- b. Studies to better understand how financial intermediaries can best use the collected sex-disaggregated data to inform their business decisions
- c. Studies on the long-term effects of gender intelligence employee trainings on the amount of financing going to WSMEs (for different types of financial intermediaries)
- d. Studies on how and what kind of gender-diverse structures and practices at financial intermediaries can increase the amount of WSME financing in the long term

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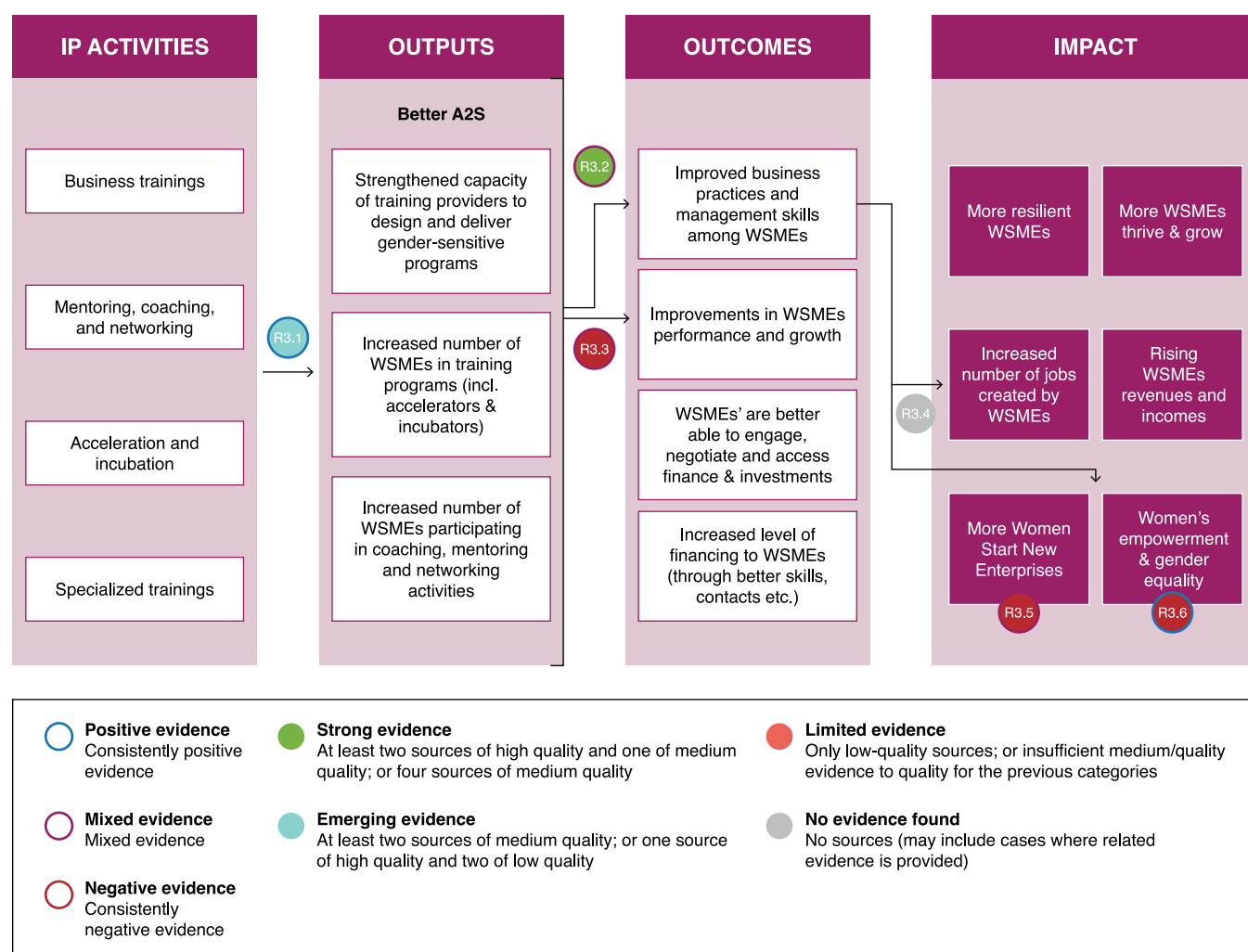
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EVIDENCE ON ACCESS TO SKILLS AND NETWORKS

4.1 IMPACT PATHWAYS

This chapter provides a review of existing evidence on what works and what does not work in addressing WSMEs' constraints and improving WSMEs' access to skills and networks. As illustrated in We-Fi's ToC, the focus area "access to skills and networks" offers several pathways to impact (see Figure 4). Research questions R3.1–R3.6 were derived from the ToC and mapped to different impact pathways. These research questions were used to guide the review and mapping of existing evidence. In this chapter, each research question is stated along with the overall evidence direction (positive, mixed, negative) and evidence strength (strong, emerging, limited, no evidence found). This is then followed by a short summary and a list of the available evidence.

Figure 4. Impact Pathways for Access to Skills and Networks



4.2 FINDINGS

H3	Improved access to skills and networks for women entrepreneurs (through gender-sensitive training programs and networking activities) leads to improved business performance, job creation, and gender equality		
		Direction of Evidence	Strength of Evidence
R3.1	Does a gender-sensitive design and delivery of training programs lead to increased female participation in trainings?	⊕	●

There is **positive emerging evidence** that gender-sensitive design and delivery practices may be an effective means to engage more women entrepreneurs in trainings.

- ◆ Dedicated training programs: Business training programs are a popular intervention to support women entrepreneurs in developing countries. There has been a significant increase in the number of entrepreneurship training programs around the world, as well as more accelerator and incubator models focusing on women entrepreneurs (e.g., yher, SheLeadsAfrica, Simona Ventures, Female Foundry, Spring Accelerator).
- ◆ Gender-sensitive training programs: There are more and more studies and guides with frameworks and toolkits to support the design and delivery of training programs that are more inclusive for women.¹⁶⁴
- ◆ Wraparound services: Results from a four-month training program for women entrepreneurs in Pakistan and Nigeria¹⁶⁵ are part of evidence that suggests offering wraparound services, like transportation, support for childcare, or joint sessions with spouses, attracts more WSMEs to business capacity trainings.
- ◆ Online or remote trainings: The shift to online trainings due to the COVID-19 pandemic may favor the participation of women in training programs by alleviating logistical challenges; however, no evidence could be found to substantiate higher application and participation rates of women entrepreneurs.

		Direction of Evidence	Strength of Evidence
R3.2	Do business trainings for WSMEs lead to improved business knowledge and practices for WSMEs?	⊖	●
	Business training	⊖	●
	Bundled training (i.e., business training + coaching)	⊕	●

¹⁶⁴ Argidius Foundation 2021; Bullough 2015; Orser and Elliott 2022; IFC and CommDev 2021; IFC and The Institute for Performance and Learning 2020

¹⁶⁵ World Bank 2018

Business trainings: There is ***mixed evidence*** whether traditional business trainings positively impact business knowledge and practices. While emerging evidence from randomized controlled trials indicates a positive relationship, other studies not specifically focusing on women entrepreneurs suggest neutral impact of traditional business trainings on business knowledge and practices.

- ◆ Results from a randomized controlled trial with experienced businesswomen in Ethiopia who received business training that addressed constraints in managerial capacity (marketing, record keeping, financial planning, and stock control) showed that business training improved business practices, sales, and profits.¹⁶⁶
- ◆ Experimental evidence from women micro-entrepreneurs in Tanzania indicates that business training leads to an increase in business practices. However, there is no significant evidence that these impacts translate into greater investment, sales, and profits.¹⁶⁷
- ◆ Results from a randomized controlled trial examining the effects of marketing versus finance training on business practices of small businesses in South Africa (non-gender-specific) showed that the marketing group achieved greater profit gains by adopting a growth focus on higher sales, greater investments, and hiring more employees. The finance group achieved similar profit gains but through an efficiency focus on lower costs. Both groups showed significantly higher adoption of business practices related to their respective training program.¹⁶⁸
- ◆ A randomized experiment in Nigeria compared the effectiveness of business training, personalized consulting, insourcing, and outsourcing tasks to professional specialists. Results showed that insourcing and outsourcing were more effective in improving business practices than business training and at least as effective as business consulting at one-half of the cost. The study did not measure gender-separate effects, except for indicating that women entrepreneurs were more likely to choose a marketing specialist (rather than an accountant) than their male counterparts.¹⁶⁹
- ◆ A meta-regression analysis of (non-gender-specific) entrepreneurship programs in developing countries conducted by Cho and Honoratia (2014) indicated positive impacts of traditional business trainings on business practices, but no immediate effect on business expansion or increased income.¹⁷⁰
- ◆ Another non-gender specific review of entrepreneurship trainings conducted by McKenzie and Woodruff (2013) found that existing entrepreneurs usually implemented some of the practices taught in training, but the improvement to practices was often limited.¹⁷¹
- ◆ An impact evaluation of the Digital Opportunity Trust entrepreneurship training program showed no conclusive evidence that the trained entrepreneurs (men and women) have better business practices. However, it found a positive effect on proxies for confidence and motivation, which suggests a change in mindset among those who participated in the training.¹⁷²

¹⁶⁶ Bakhtiar et al. 2021

¹⁶⁷ Bastian et al. 2018

¹⁶⁸ Anderson et al. 2016

¹⁶⁹ Anderson and McKenzie 2020

¹⁷⁰ Cho and Honoratia 2014

¹⁷¹ McKenzie and Woodruff 2013

¹⁷² Alibhai et al. 2016

Bundled trainings: There is *limited evidence* that training programs that include *tailored business coaching* are more likely to improve business practices for women entrepreneurs.

- ◆ A World Bank study of women entrepreneurs with small businesses in Tanzania found that participants in training programs that include tailored business coaching were more likely to adopt new practices, on average.¹⁷⁴

		Direction of Evidence	Strength of Evidence
R3.3	Do training programs lead to improved business performance and growth for WSMEs?	⊖	●
	Business training	⊖	●
	Socio-emotional skills training	⊕	●
	Mentoring	⊕	●
	Networking	⊕	●
	Digital skills trainings	⊕	●
	Acceleration / incubation / STEM initiatives	⊕	●
	Bundled trainings (coaching, TA, capital)	⊕	●

Business trainings: Helping entrepreneurs to grow small businesses by teaching them formal business skills has yielded *mixed results*. Some studies indicate that entrepreneurship training seems to positively affect business performance of WSMEs. Other evaluations of training programs show that, while training programs might have a positive impact on business attitudes and practices of women entrepreneurs, these programs are unlikely to have any impact on the performance and growth of their enterprises.

- ◆ A two-stage randomized experiment with women entrepreneurs in Kenya showed that three years after training, women-led businesses in the treatment group sold more, earned higher profits, and their owners expressed greater wellbeing.¹⁷⁵
- ◆ An evaluation of Digital Opportunity Trust's entrepreneurship training for women entrepreneurs in Ethiopia revealed that approximately one year after the training, participating entrepreneurs recorded 30 percent higher profits than the control group.¹⁷⁶
- ◆ An empirical analysis of SMEs in Swaziland found that business training was positively associated with sales performance of men entrepreneurs but had no effect on women.¹⁷⁷

¹⁷⁴ Bardasi et al. 2017

¹⁷⁵ McKenzie and Puerto 2017

¹⁷⁶ Alibhai et al. 2016

¹⁷⁷ Brixiová and Kangoye 2015

- ◆ A World Bank study comparing two types of business training programs targeting women entrepreneurs with established small businesses in Tanzania (in-class sessions focusing on managerial and technical skills versus tailored business coaching) found neither training program impacted business outcomes.¹⁷⁸
- ◆ A (non-gender specific) meta-analysis by McKenzie (2021), which included the results on training effectiveness of more recent studies, found that business training increased profits on average by 5 to 10 percent. It indicates that incorporating gender, mentoring, and psychology into the training design can deliver improvements on training effectiveness.¹⁷⁹

Socio-emotional skills trainings: *Limited evidence* from rigorous impact evaluations shows that training programs that focus on socio-emotional and non-cognitive skills (including self-confidence, leadership, creativity, risk propensity, and mental health) are likely to have a positive impact on business performance.

- ◆ Training programs addressing socio-emotional skills have proven effective for micro-entrepreneurs in numerous contexts in Africa. In Togo, a personal initiative training aimed at teaching micro-entrepreneurs about initiative, perseverance, and resilience helped micro-entrepreneurs be more future-oriented, anticipate problems, and create solutions to overcome them. Findings show that women micro-entrepreneurs increased their profits by an average of 40 percent compared to a 5 percent increase for entrepreneurs who only received traditional business training. Moreover, results show that the personal initiative training enabled women to be more innovative, invest more in their business, and introduce more new products.¹⁸⁰ Results from another study in Uganda also showed that personal initiative training had a higher impact on firm performance (40 percent increase in profits) than traditional business training.¹⁸¹ Due to its success and expected impact on women entrepreneurs, the World Bank helped scale up the personal initiative training in nine other countries and adapted the curriculum for women farmers, which is now being tested in Mozambique.¹⁸²
- ◆ A study from Kenya tested the effects of an agency-based empowerment training on business sales of men and women entrepreneurs involved in improved cookstoves. It found that the empowerment training led to more than doubling of sales for both genders. These results indicate that targeted agency-based empowerment training not only has the potential to increase WSMEs business performance, but can also significantly increase women's capacity to engage in male-dominated sectors (i.e., cookstove value chain).¹⁸³
- ◆ Alibhai et al. (2019) conducted two randomized controlled trials to evaluate the effect of mindset-oriented business trainings on the performance of WSMEs (including micro-enterprises) in Ethiopia. Impacts on business performance were mixed, since the delivery service and an identity match between trainer and participant seemed to matter, suggesting that psychological skills and mindset are better inspired by a trainer who previously founded a business.¹⁸⁴

¹⁷⁸ Bardasi et al. 2017

¹⁷⁹ McKenzie 2021

¹⁸⁰ Campos et al. 2017

¹⁸¹ Buvinic et al. 2020

¹⁸² Gender Innovation Lab 2020

¹⁸³ Shankar et al. 2015

¹⁸⁴ Alibhai et al. 2019

- ◆ A recent randomized controlled trial evaluated two programs focused on soft skills involving 945 entrepreneurs in Jamaica. The first program mainly focused on personal initiative, including the development of a proactive mindset and perseverance after setbacks, while the second program combined soft-skills training on personal initiative with traditional business training. The study found no effects for women or for the training combining soft skills and traditional business training.¹⁸⁵

Mentoring: *Emerging evidence* shows that mentorship has a positive effect on WSME business performance, including on WSME profits and the ability of women entrepreneurs to scale their businesses and raise new investments.

- ◆ A randomized controlled trial in Kenya demonstrated that women microenterprise owners who benefitted from mentorship by an entrepreneur in the same community increased profits by 20 percent, on average, with initially large effects that vanish over time.¹⁸⁶ In contrast, no effect on profits could be found for the formal business training intervention.
- ◆ An Endeavor Insight Report highlighted that mentorship may be the main differentiator between women entrepreneurs who were able to scale their businesses to 50 or more employees and those who were not.¹⁸⁷ Data showed that those who scaled were 10 percent more likely to have mentors who were successful entrepreneurs themselves.
- ◆ A World Bank study evaluating gender-informed training programs in India found that mentoring can enhance the impact of training programs.¹⁸⁸ The program gave women entrepreneurs the option to join the training with a mentor or friend. This turned out to be a successful strategy for increasing new investment and income.

Networking: There is ***emerging evidence*** suggesting a positive effect of networks on business performance. However, only ***limited evidence could be found*** specifically focused on women entrepreneurs to understand the effectiveness of networks and how networking programs and tools (including digital tools like WhatsApp-based peer networking groups) can be adapted to improve business performance of WSMEs.

- ◆ In a randomized controlled trial, Cai and Szeidl (2018) studied the effect of networks on business performance of young Chinese firms. They found that regular small group meetings among managers increased revenues by 8 percent.¹⁸⁹ The authors did not disaggregate their findings by gender.
- ◆ Similarly, in a randomized control trial with potential entrepreneurs from 49 African countries, participants were randomly assigned to peer networks (online only or face to face) and invited to submit business proposals. The non-sex-disaggregated results showed that peer interactions had significant effects on the likelihood of submitting proposals.¹⁹⁰

¹⁸⁵ Ubfal et al. 2022

¹⁸⁶ Brooks et al. 2018

¹⁸⁷ AbdelAzim et al. 2020

¹⁸⁸ Campos and Gassier 2017

¹⁸⁹ Cai and Seizdl 2018

¹⁹⁰ Vega-Redondo et al. 2019

- ◆ An IFC evaluation report conducted with the Bank of Palestine showed that the Mini-MBA program helped women entrepreneurs expand their business networks in different ways (e.g., other women entrepreneurs, mentors, or technical advisors). Additionally, participants were able to sign up an average of 37 new customers each. Importantly, the report indicates that the effectiveness of access to networks may depend on contextual constraints, as networks have been more useful for women entrepreneurs in West Bank than in Gaza, since women in West Bank rely more on industry professionals or banks for advice, while women in Gaza rely more on family members and social networks.¹⁹¹
- ◆ Based on case studies, a non-gender-specific report by Argidius Foundation explored the effectiveness of peer-to-peer networking interventions alongside training programs, and created a framework of six success factors of business networks for SMEs (i.e., diverse sources of income, proactive trust-building, continuous feedback and monitoring, selective membership, engaged support team, and needs-based programming).¹⁹²
- ◆ In their framework for programs, policies, and practices for high-growth women’s entrepreneurship, Bullough et al. (2019) identified “building networks” as a fundamental element to bring more women into high-growth entrepreneurship. Formal networks (e.g., lawyers, banks, trade associations, accountants) are particularly important for growth because they represent access to people that entrepreneurs do not already know.¹⁹³

Digital skills trainings: There is *limited evidence* on the effectiveness of digital skills trainings on business performance of WSMEs. In many cases, the outcomes and impacts on the business performance of WSMEs have yet to be explored.

- ◆ A large-scale, randomized controlled trial with micro-entrepreneurs in Kenya exploring the effectiveness of automated SMS business training showed that the training led to greater monthly revenue and financial resilience, more extensive usage of formal book-keeping and a better self-reported understanding of financial concepts.¹⁹⁴

Acceleration, incubation, and STEM initiatives: Only *limited evidence* on the impact of accelerator and incubator programs, as well as STEM initiatives, could be found. However, initial results from qualitative studies show that such programs may help women gain or improve business and digital skills and support their business growth potential by connecting them to investors and networks.¹⁹⁵

- ◆ In 2016, GALI evaluated 15 Village Capital programs to identify practices that impacted performance and found wide variation. On average, the highest performing programs generated \$86,000 in one-year incremental investment growth per enterprise compared to an average of \$28,000 per enterprise in the lowest performing programs.¹⁹⁶ Factors contributing to increased performance included fewer but more qualified and experienced applicants, entrepreneurs with more time to work on their own or with their teams, strong networking, peer learning, and collaboration components.

¹⁹¹ IFC 2017

¹⁹² Argidius Foundation 2019

¹⁹³ Bullough et al. 2019

¹⁹⁴ Fuchs et al. 2022

¹⁹⁵ IDB Lab 2018

¹⁹⁶ Roberts 2016

- ◆ A mid-term strategic review of the USAID PACE initiative showed that supported startups increased revenues by 68 percent and jobs by 77 percent in a one-year period (non-gender specific). Women-led startups significantly outperformed their peers, growing revenues 1.5 times faster and jobs twice as fast. Yet, women entrepreneurs do not raise significantly higher amounts of capital.¹⁹⁷

Bundled trainings: Various meta-analyses¹⁹⁸ find that training alone may not be sufficient to grow WSMEs (see R1.2). For example, an extensive literature review by the International Labour Organization (ILO) concluded that only two out of nine business trainings positively impacted the business performance of WSMEs.¹⁹⁹ **Emerging evidence** indicates that bundled services (i.e., training combined with finance, coaching, and/or networking) seem to be **more effective in improving business performance** for WSMEs.

- ◆ Training + finance: Business trainings combined with cash grants seem to yield better results in improving business practices as well as business performance.²⁰⁰
- ◆ Training + savings: In Indonesia, Buvinic et al. tested the effectiveness of providing incentives to promote savings accounts, business and financial literacy training, and the combination of the two on women's businesses and agency. Although the study found only small positive effects on the take-up of saving services, both interventions had significant positive effects on women's profits.²⁰¹
- ◆ Training + coaching: An experimental study from Peru focusing on women micro-entrepreneurs evaluated the impacts of a business training program with technical assistance.²⁰² Results showed that two years after the program, all women entrepreneurs who received technical assistance in addition to the training increased their revenues, adopted recommended business practices, and showed above 15 percent growth.
- ◆ Remote training + on-going support: Studies found that lower-cost delivery mechanisms, including remote and pre-taped learning, can be as effective as in-person trainings if partnered with on-going support.

		Direction of Evidence	Strength of Evidence
R3.4	Does improved business performance and growth (through better access to skills and networks) lead to increased job growth in WSMEs?		●

Research on the linkage between WSME business growth through stronger skills and networks, and higher job growth **could not be found**. Since impacts in terms of employment generation or the number of women in entrepreneurship begin to appear only after several years, this could be an indication that impacts of training programs tend to be measured only in the short term. For example, some researchers argue that although strengthening entrepreneurs' knowledge, skills, and business practices may not transform an enterprise in the near term, they may accrue benefits to entrepreneurs over time.²⁰³

¹⁹⁷ USAID 2018

¹⁹⁸ Bandiera et al. 2013; Buvinic et al. 2013; McKenzie and Woodruff, 2013

¹⁹⁹ ILO 2014

²⁰⁰ Cho and Honoratia 2014; IFC and FMO 2020

²⁰¹ Buvinic et al. 2020

²⁰² Valdivia 2015

²⁰³ Valerio et al. 2014

		Direction of Evidence	Strength of Evidence
R3.5	Does better access to skills and networks for WSMEs lead to increased business creation among women?	⊖	●
	Business training	⊖	●
	Socio-emotional skills training		●
	Mentoring	⊕	●
	Networking	⊕	●
	Digital skills trainings		●
	Acceleration / incubation / STEM initiatives		●

There is **mixed evidence** on whether **business training** encourages business creation among women. There is **positive evidence** that indicates **networks and mentoring support** may have a positive impact on women's business startup. No evidence could be found on the effects of socio-emotional trainings, digital skills trainings, or accelerators or incubators on women's business creation.

Business trainings: Limited evidence shows that business trainings alone may not be sufficient to encourage business startup among women.

- ◆ An ILO meta-analysis of findings from nine impact evaluations showed that only five business training programs had a positive (but not substantial) effect on women's business startup.²⁰⁴

Mentorship: Limited evidence indicates that mentorship may have the potential to increase the number of women entrepreneurs in male-dominated sectors.

- ◆ Two GIL studies revealed that women entrepreneurs in Uganda who, during their youth, were supported and encouraged to consider male-dominated sectors by a mentor were more inclined to do so.²⁰⁵

Networking: Emerging evidence suggests that social networks and peer-support mechanisms may have a positive impact on women's business startup.

- ◆ A quasi-experiment from rural India examined the interplay of women's social networks and the initiation and success of WSMEs. Results showed that ties to family and community positively related to entrepreneurial activity.²⁰⁶

²⁰⁴ ILO 2014

²⁰⁵ Gender Innovation Lab 2020

²⁰⁶ Venkatesh et al. 2017

- ◆ Another study in India found that business trainings for women micro-entrepreneurs combined with peer-support-mechanisms (i.e., women attended with a friend) had a substantial positive impact on women's business startup.²⁰⁷
- ◆ Evidence shows that people who personally know an entrepreneur are more likely to engage in entrepreneurship, but it can be seen that women are less likely to be acquainted with an entrepreneur, compared to men. Moreover, networks represent an important asset for women entrepreneurs in the startup phases because of the role that networks play in accessing financing.²⁰⁸

		Direction of Evidence	Strength of Evidence
R3.6	Does better access to skills and networks for WSMEs lead to women's empowerment?	⊕	●
	Business training	⊕	●
	Socio-emotional skills training		●
	Mentoring		●
	Networking		●
	Digital skills trainings		●
	Acceleration / incubation / STEM initiatives		●

Limited evidence shows little to no effect of **business trainings** on **women's empowerment**. **No evidence could be found** on the effects of **other types of skills trainings** (i.e., socio-emotional skills trainings, digital skills trainings, accelerators/incubators) **or combined interventions** (incl. mentoring, networking) - although a common hypothesis suggests that trainings combined with mentoring, coaching, and/or peer networks may increase women's agency. The limited results may question the extent to which training programs that work only with women entrepreneurs can strengthen women's empowerment without addressing underlying constraints, like social norms. For example, it may be beneficial for programs to include men or other household members in their interventions.

- ◆ Of the nine studies in the ILO meta-analysis²⁰⁹ only two evaluated their impact on women's agency, showing little positive effect through the medium term.
- ◆ A study that has potential learning and application for WSME trainings is a five-week Cognitive Behavioral Therapy program with 235 SME owners in Pakistan. It included modules on stress management, problem solving, support networks, and self-care. The study found that entrepreneurs who took part in the program had a 50 percent lower chance of suffering from depression and anxiety. Participants also experienced an improvement in their overall level of wellbeing.²¹⁰
- ◆ A paper by Buvinic et al. (2021) recommended that interventions designed to improve women's economic empowerment be tracked long enough for women to manifest new business behaviors. This is consistent with other evidence on the delayed effects of some interventions targeting women's economic empowerment.²¹¹

²⁰⁷ Field et al. 2016

²⁰⁸ Bullough et al. 2019

²⁰⁹ ILO 2014

²¹⁰ Saraf 2019

²¹¹ Buvinic et al. 2021

4.3 EVIDENCE GAPS AND PRIORITIZED RESEARCH OPPORTUNITIES

Based on the knowledge gaps and general unevenness of the evidence reviewed (see Annex 3), an extensive list of research opportunities and potential questions has been derived to support possible future studies (see Annex 4). As part of the peer review process of this paper and based on the top research areas indicated by peer reviewers, the following three research opportunities have been identified:

1. Effectiveness of socio-emotional skills trainings
2. Role of networks
3. Use of technology and digital delivery of trainings

Effectiveness of socio-emotional skills trainings

Evidence gaps: Although initial empirical evidence on socio-emotional skills training is encouraging, it is still not substantial enough to be conclusive. There is some evidence indicating that socio-emotional trainings can potentially increase the effectiveness of business trainings, although more gender-specific research is required. No clear evidence could be found on higher-level impacts (i.e., job growth, business creation, and women's empowerment). More research is needed to better understand how socio-emotional trainings can be designed and delivered to create more growth businesses for women to drive change and disruption.

Research opportunities: Studies exploring the effects of socio-emotional trainings on WSMEs' business growth and women's empowerment for different types of entrepreneurs and businesses (with focus on growth entrepreneurs):

- a. Studies on the short and long-term effects of socio-emotional trainings on women entrepreneurs' growth aspirations, mindsets, financial and personal resilience, and agency
- b. Studies on the relative effectiveness and cost effectiveness of socio-emotional trainings and their integration into business trainings or accelerator/incubator programs
- c. Studies on the effectiveness of relative effectiveness and cost effectiveness of socio-emotional trainings combined with coaching, mentoring, and/or networking activities
- d. Studies on how (combined) socio-emotional skills trainings motivate women to start businesses or cross over into high-growth and male-dominated sectors

The role of networks

Evidence gaps: Networks may represent an important asset for women entrepreneurs in the startup and growth phase, as they can help in accessing people with entrepreneurial resources and role models, as well as in generating capital. Gender-specific research on networks is scarce, and overall, there is limited knowledge around business networks, as the relationships between access to networks, improved business practices, and improved access to finance and markets are not straightforward. Networks might play a central role in helping women entrepreneurs accelerate their business recovery from the impacts of the COVID-19 pandemic, or in helping women cross over or start businesses in male-dominated sectors or high-growth entrepreneurship. Investigating how networks influence the confidence and aspirations of women leading SMEs is also an important gap to fill.

Research opportunities: Studies exploring the impacts of networks (e.g., business networks, social networks, and peer networks) on WSMEs' business growth, women's business creation, and women's agency:

- a. Studies on how networks can help women entrepreneurs reach new financing and markets
- b. Studies on how networking programs and tools (e.g., digital peer networking groups) can be designed to help WSMEs grow (i.e., increase number of customers)
- c. Studies on how networks can strengthen women's agency and be leveraged to bring more women into male-dominated sectors and high-growth entrepreneurship
- d. Studies on how networks influence the confidence and aspirations of women leading SMEs
- e. Studies on the effectiveness of networks as enablers for faster business recovery from impacts of the pandemic

The use of technology and digital delivery of trainings

Evidence gaps: Emerging evidence shows that approaches to the design and delivery of trainings might be more effective in increasing women's participation, WSME business growth, and women's empowerment than the type of training offered. Technology could be a key factor in offering more targeted and cost-effective trainings, but research is still limited. Initial studies show that remote and pre-taped learning can be as effective as in-person training if combined with on-going support; however, more research is needed to explore which digital practices and design elements are most effective in driving WSMEs business growth for different types of entrepreneurs.

Research opportunities: Studies exploring how technology can be used to deliver training and its effects on WSMEs' business growth and women's empowerment for different types of entrepreneurs:

- a. Studies on the effectiveness and cost-effectiveness of offering different training interventions online or remotely (e.g., business training, socio-emotional skills training, accelerator/incubator programs, and/or mentoring, coaching, and networking)
- b. Studies on which practices and digital delivery channels work best for which types of entrepreneurs
- c. Studies on how online training can strengthen women's empowerment by addressing underlying social norms

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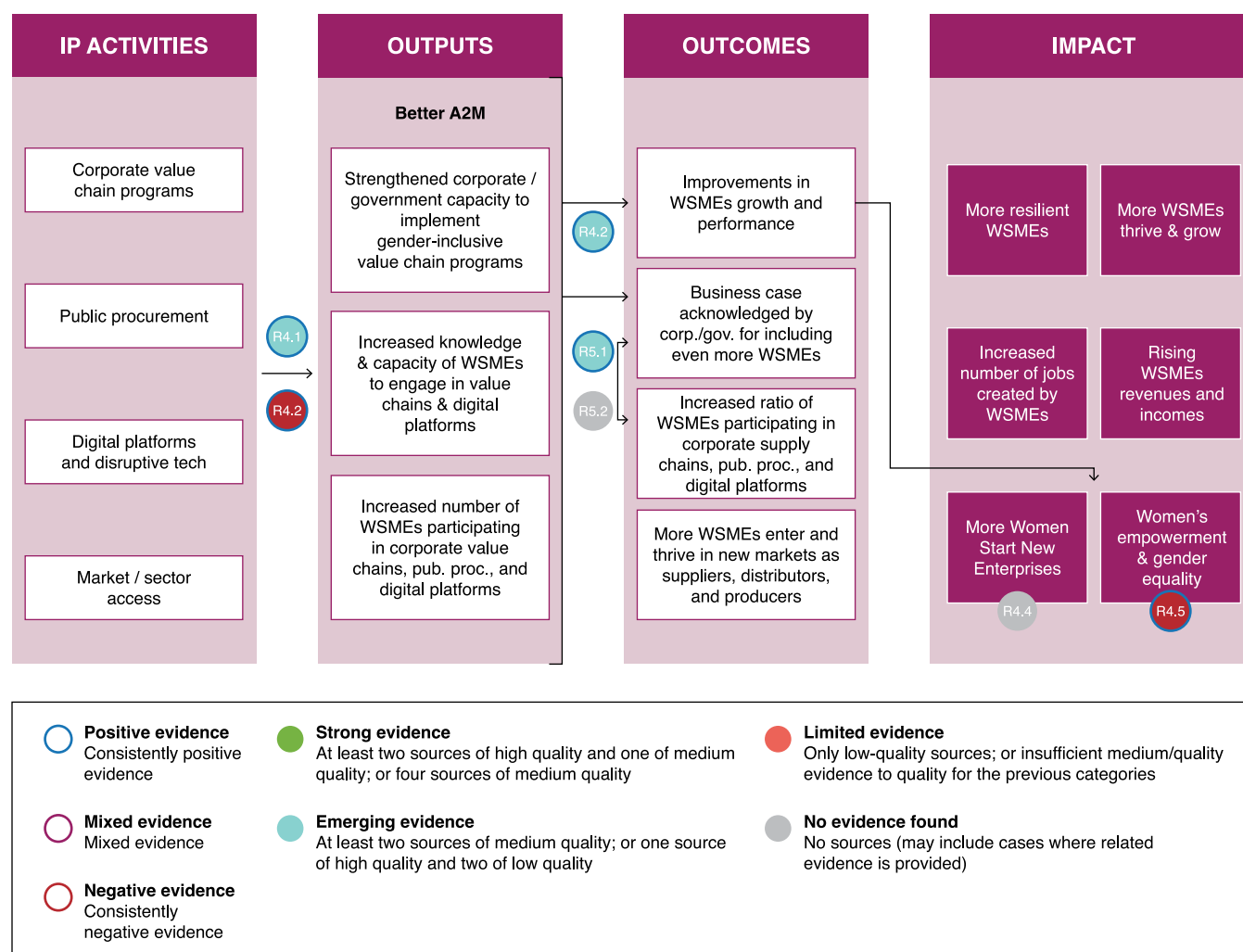
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EVIDENCE ON ACCESS TO MARKETS AND TECHNOLOGY

5.1 IMPACT PATHWAYS

This chapter provides a review of existing evidence on what works and what does not work in addressing WSMEs' constraints and improving WSMEs' access to markets and technology. As illustrated in We-Fi's ToC, the focus area "access to markets and technology" offers several pathways to impact (see Figure 5). Research questions R4.1–R4.5 (direct impacts on WSMEs) and R5.1–R5.2 (indirect impacts through corporations) were derived from the ToC and mapped to different impact pathways. These research questions were used to guide the review and mapping of existing evidence. In this chapter, each research question is stated along with the overall evidence direction (positive, mixed, negative) and evidence strength (strong, emerging, limited, no evidence found). This is then followed by a short summary and a list of the available evidence.

Figure 5. Impact Pathways for Access to Markets and Technology



5.2 FINDINGS

H4	Improved access to markets and technology for WSMEs (through inclusive value chains, public procurement, and digital platforms) leads to improved business performance, job creation, and gender equality		
		Direction of Evidence	Strength of Evidence
R4.1	Do inclusive value chain programs lead to an increased number and size of contracts awarded to WSMEs?	⊕	●
	Corporate value chain programs	⊕	●
	Public procurement	⊕	●

Emerging evidence shows that an increased capacity of corporations and governments to provide open and transparent procurement procedures, clear and accessible guidelines, a streamlined application process, and trainings on tender requirements and qualifications for WSMEs may favor the participation of WSMEs in corporate value chains and public procurement. However, there is still limited evidence on which policies and practices are most effective to increase sourcing from WSMEs.

Corporate value chains: There is **limited evidence** on corporate supplier diversity programs aimed at integrating more WSMEs as producers, suppliers, distributors, and retailers. Multinational corporations have increasingly committed to sourcing from WSMEs by establishing corporate commitments, setting measurable goals, and raising internal awareness. Better access to markets through corporate value chains depends on the sector and the dynamics of the value chain. While some sectors lend themselves to engage more women (i.e., women retailers and distributors in fast-moving consumer goods, or FMCG), some need more effort to not perpetuate gender inequalities.

- ◆ Coca-Cola, Walmart, UPS, Unilever, IBM, Intel, P&G, Marriott, Pfizer, Dell, and other large corporations have long-standing supplier diversity programs. For example, Coca-Cola's 5by20 program enabled the economic empowerment of 5 million women entrepreneurs across the company's value chain by 2020. Walmart, in collaboration with WEConnect International, developed a "women-owned" logo to help consumers identify women-made products.²¹² The UPS Women Exporters Program provides training and networks to enable WSMEs to engage in trade. The program has trained more than 6,000 WSMEs through 35 events around the globe. In Mexico, 94 percent of UPS training participants reported that the activities improved their knowledge on accessing international markets, while in Vietnam, 78 percent reported that they increased their capacity and understanding on how to finance their business.²¹³ Unilever has empowered over 5.5 million people by integrating and strengthening small business owners and micro-entrepreneurs as part of its last-mile distribution network in Bangladesh, India, Pakistan, Vietnam, Nigeria, and other countries.²¹⁴

²¹² Nelson et al. 2015

²¹³ International Trade Centre 2020

²¹⁴ Nelson et al. 2015

- ◆ These examples show that inclusive value chain programs are not limited to the supply side, but also focus on engaging women entrepreneurs in distribution networks (i.e., Coca-Cola and Unilever). Companies can take approaches across the whole value chain to integrate WSMEs as producers, suppliers, distributors, and retailers. The focus usually depends on the sector of operation, since different sectors have different approaches and definitions (e.g., FMCG versus agriculture). A recent sector-specific learning brief by IFC introduced how equality can be advanced within the distribution activities of the FMCG sector.²¹⁵ It showed the need for corporates to map their supplier base or distribution network may be critical to assessing the extent of women's participation and identifying opportunities for inclusive policies and practices. For example, a We-Fi World Bank learning brief on gender-inclusive sourcing among corporation in Bangladesh showed that nearly 20 percent of corporates did not know whether they procured from WSMEs or how to identify WSMEs.²¹⁶

Public procurement: There is *emerging evidence* that inclusive public procurement increases the number and size of contracts awarded to WSMEs through preferential policies, certification mechanisms, transparent processes, and capacity building for procurement officers and WSMEs. However, there is limited evidence on how public policies have influenced private sector procurement.

- ◆ Chile has one of the most accessible public procurement systems for SMEs. Mercado Público is an e-marketplace that provides universal access to all public procurement tenders and information on doing business with the state. As a result, the share of women participating in the public procurement system reached 37 percent in 2016.²¹⁷ Other good-practice examples are Israel, the United States, and Kenya. Israel's Mandatory Tenders Law states that when two bids are evaluated with the same number of points, the bid from a WSME shall be chosen. In the United States, the government introduced a spending goal for federal agencies in 1994 to award 5 percent of their contracts to WSMEs. This goal was achieved in 2015.²¹⁸ In Kenya, every governmental procuring entity needs to allocate at least 30 percent of its procurement value to youth, women, and persons with disabilities. There is initial evidence that this policy has influenced the private sector to adopt these targets.²¹⁹
- ◆ Despite more procurement policies to WSMEs in different countries, there is a significant data gap in public procurement, since only a few countries are actually collecting sex-disaggregated data and reporting progress. Another issue is the lack of a common definition across countries to identify and certify WSMEs.

Intermediaries: No evidence could be found on the effectiveness of databases of registered and certified women suppliers to help corporations and governments identify suitable WSMEs as suppliers, distributors, producers, or retailers.

- ◆ For example, Women's Business Enterprise National Council (WBENC) offers certification processes that provide corporations with an easy and effective way to assess whether a business is women-owned or not.²²⁰ Other platforms, like WEConnect and SheTrades, focus on helping WSMEs engage in value chains by increasing their visibility for corporations.

²¹⁵ IFC 2022

²¹⁶ We-Fi and World Bank 2020

²¹⁷ Chatham House 2017

²¹⁸ Chatham House 2017

²¹⁹ We-Fi and IFC 2021

²²⁰ Chin 2017

		Direction of Evidence	Strength of Evidence
R4.2	Do gender-inclusive programs focusing on digital skills and tech lead to an increased number of WSMEs participating on digital platforms?	⊕	●

There is **limited evidence** on the impacts of digital skills trainings (e.g., e-payments, digital marketing, return policy, and regulations) or other interventions on the number of women entrepreneurs on digital platforms. However, a number of case studies show how e-commerce companies can lead the way and recruit more women vendors by targeting women entrepreneurs for training, designing new financial solutions for women, and collecting sex-disaggregated data.

- ◆ The IFC-led Digital2Equal initiative brings together leading technology companies operating across the online marketplace to boost opportunities for women entrepreneurs on digital platforms. Different case studies highlight successful approaches to building inclusive platforms for women. For example, the Brazilian online marketplace Elo7 surveyed 1,000 sellers to develop targeted tools and content for helping women entrepreneurs increase sales in the digital world. In Nigeria, Jumia's Women and Youth Empowerment Program aims to build the local e-commerce market by equipping women with training in e-commerce.²²¹
- ◆ Etsy, a global e-commerce platform, supports women-owned businesses in starting up and increasing sales by providing them with online resources, including regulatory information, training videos, and webinars.
- ◆ Digital platforms are not only opening new opportunities for increased sales for women entrepreneurs but also for new business models leveraging digital platforms. For example, IFC's reports on ride-hailing and the sharing economy indicate how women entrepreneurs can develop new digital platforms solutions to better include and serve women.²²²
- ◆ The Cherie Blair Foundation's Mobile Technology Program aims to support WSMEs by providing them with mobile apps to manage the supply chain and receive business trainings or mobile money.

		Direction of Evidence	Strength of Evidence
R4.3	Does improved access to markets lead to improved WSME business growth?	⊕	●
	Value chain programs	⊕	●
	Public procurement	⊕	●
	Market access (i.e., cross-overs)	⊕	●
	Digital platforms (e-commerce)	⊕	●

²²¹ See case studies here: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/priorities/digital_economy_sa/digital2equal

²²² IFC 2018

Emerging evidence points toward better business performance for WSMEs with access to corporate and public markets, international markets, male-dominated sectors, and e-commerce.

- ◆ Private and public markets: In a randomized control trial including 772 firms, Hjort et al. (2020) demonstrated the positive impacts that public procurement training for small businesses can have on their business performance.²²³ Moreover, a study conducted in Ghana found that women-owned firms significantly increased production and profits in response to experimentally introduced demand shocks, while men-owned firms did not. This could mean that women producers might benefit more from training that addresses demand constraints, such as public procurement or value chain training.²²⁴
- ◆ Private markets: According to the United States Small Business Administration, small businesses that became suppliers to large corporations could grow their average revenue by 250 percent and their average number of employees by more than 150 percent.²²⁵
- ◆ International markets: A study conducted by ITC on international trade showed that exporting firms owned by women had about 1.2 times higher productivity than exporting companies owned by men.²²⁶ Furthermore, higher exports of WSMEs seem to have a large, positive impact on the share of women workers.²²⁷
- ◆ Cross-overs: A mixed methods study from Uganda found that women entrepreneurs who shifted into male-dominated industries earned as much as men and three times more than women in female-dominated sectors.²²⁸ The paper suggests that information gaps about the profitability of male-dominated industries are likely to play an important role, as do role models influencing girls as they determine their career paths. In an experiment in the Republic of Congo, Gassier et al. (2022) also found that providing information on earnings is a low-cost intervention that can encourage women to cross over to more profitable sectors, thereby reducing the gender gap in earnings.²²⁹ Moreover, a GIL study focusing on women entrepreneurs in Mexico indicated that Mexican women who crossed over to male-dominated sectors performed better in terms of sales and profits than non-cross-overs.²³⁰ Other studies also indicated that returns to sectorial shifts may be high, and that encouraging women entrepreneurs to cross over into male-dominated sectors may be feasible.²³¹

²²³ Hjort et al. 2020

²²⁴ Hardy and Kagy 2020

²²⁵ Data from the U.S. Small Business Administration Women Entrepreneurs Summit Series

²²⁶ International Trade Centre 2015

²²⁷ Amin and Islam 2021

²²⁸ Campos et al. 2014

²²⁹ Gassier et al. 2022

²³⁰ Cucagna et al. 2020

²³¹ Bardasi et al. 2011

- ◆ E-commerce: E-commerce has shown promise in supporting SMEs accessing regional and international markets and improving business outcomes. Studies show that engaging SMEs in cross-border e-commerce can yield productivity gains of 6 to 15 percent and double the participation of WSMEs.²³² For example, World Bank Exporter Dynamics data (2012) indicated that traditional Colombian exporters reached just three country markets, compared to an average of 18 for eBay-enabled SMEs from Colombia, and traditional South African exporters averaged three country markets, compared to 29 for eBay-enabled SMEs from South Africa. The same data showed that eBay-enabled SMEs increased their sales, with 33 percent and 93 percent third-year sales.²³³ Moreover, two large-scale reports based on data from Digital2Equal indicated that, between 2025 and 2030, an additional \$280 billion could be added to the value of the Southeast Asian e-commerce market and \$14.5 billion to the African e-commerce market if gender gaps were closed.²³⁴
- ◆ Business-to-business (B2B) distribution platforms: B2B distribution platforms (e.g., TradeDepot in Nigeria, MaxAB in Egypt, or Growsari in the Philippines) may help women entrepreneurs connect as distributors and retailers to corporate manufacturers. For example, Unilever reported that retailers enrolled on a digital B2B distribution platform grew by 4 percent more than retailers not enrolled on a platform.²³⁵
- ◆ Finance on e-commerce platforms: E-commerce platforms can use vendor sales histories to provide financial services to women entrepreneurs who tend to have difficulties accessing loans due to the lack of collateral or formal credit histories. Although more platforms are developing innovative financial services for loans and payments, data show that only 7 percent of women in Africa have leveraged e-commerce-platform financing.²³⁶
- ◆ Trade finance: Facilitating access to trade finance and working capital by leveraging digital transaction data might be crucial to WSMEs' growth. For example, Mastercard's Jaza Duka program in Kenya (with 56 percent women retailers) connects retailers with banks, while also providing financial skills trainings. Results show that the program has contributed to a 20 percent overall increase in sales orders for suppliers.²³⁷

Bundled interventions: Linking access to markets interventions with financing (i.e., trade finance) might be crucial for WSMEs to leverage opportunities for growth. The availability of trade finance for SMEs is a major barrier to their capacity to trade and access international markets. New efforts to support WSMEs' access to trade finance could have a significant positive impact on the internationalization and business growth of WSMEs. ***No evidence could be found*** on the impacts of trade finance on the improved access to (international) markets or on the impacts of combined interventions (e.g., e-commerce or corporate value chains) with trade finance. More research on the impacts of trade finance on WSME business growth and the combination with other markets access interventions is needed.

²³² Nathan Associates 2020

²³³ Data from Exporter Dynamics Database, World Bank Group, Washington, DC, <https://www.worldbank.org/en/research/brief/exporter-dynamics-database>

²³⁴ IFC 2021

²³⁵ IFC 2022

²³⁶ Council on Foreign Relations 2021

²³⁷ IFC 2022

		Direction of Evidence	Strength of Evidence
R4.4	Do more women start a business as WSMEs have better access to enter and thrive in new markets?		

No studies could be found on whether better access to markets, including digital platforms and e-commerce, for WSMEs encourages more women to start a business.

		Direction of Evidence	Strength of Evidence
R4.5	Does better access to markets and technology lead to women's empowerment?		
	Market access (i.e., male-dominated sectors)		
	Digital platforms (e-commerce)		

Limited evidence could be found on whether supporting women entrepreneurs' access new markets (i.e., male-dominated sectors) contributes to women's empowerment. However, there is **limited evidence** that **digital technologies and platforms** can lead to more flexibility and autonomy for women.

- ◆ A literature review on women's entrepreneurship in the energy sector found that expanding energy access through women's entrepreneurship leads to higher income for women to support their families, an increased status in the community and more political power, and increased decision-making power at home.²³⁸ As women's contributions to household earnings increase, along with their communication skills and self-confidence, social norms begin to shift. Ongoing (social, business and emotional) support and including men in the interventions were identified as best practices for supporting women entrepreneurs.²³⁹
- ◆ Increased capacity of WSMEs to engage on digital platforms may lead to more flexibility and autonomy for women to combine work and care responsibilities, which may result in an increased number of women engaging in entrepreneurship.²⁴⁰

H5	Strengthened capacity of corporates to implement inclusive value chain programs improves broader access to markets for WSMEs		
		Direction of Evidence	Strength of Evidence
R5.1	Do inclusive value chain programs generate positive financial returns for corporations?		


²³⁸ John Hopkins University, Babson College, and ICRW 2019

²³⁹ Shankar et al. 2020

²⁴⁰ Nathan Associates 2020

Emerging evidence suggests that supplier diversity programs might be a good financial bet for corporations, leading to improved profitability, strengthened customer loyalty, innovation, and resilience. However, data is usually not disaggregated for specific groups such as WSMEs. Evidence builds on the topic of supplier diversity overall, since many corporates are focusing and reporting on multiple segments of underserved groups as part of their overall sustainability strategies.

- ◆ **Return on investment:** Research by The Hackett Group found that companies that prioritized supplier diversity had a 133-percent greater return on procurement investments. It also showed a strong relationship between high levels of diversity spend and increased market share. It found that companies that allocated more than 20 percent of their spend to diverse suppliers, attributed 10 to 15 percent of their annual sales to supplier diversity programs.²⁴¹ A study by McKinsey confirmed that, for many companies, gender-inclusive procurement practices have had a positive impact on profitability and return on investment. It found that 34 percent of companies said working with women-owned suppliers had led to increased profits.²⁴² Integrating more WSMEs across the value chain can also bring new strengths to distribution networks, particularly when designing for last-mile sales. For example, Coca-Cola's 5by20 program focused on expanding the distribution of Coca-Cola products, which resulted in increasing their revenues by 17 percent and their store income by 12 percent.²⁴³
- ◆ **Cost reduction:** Research by The Hackett Group also indicated that companies with more diverse supplier programs spent on average 20 percent less on their buying operations than those with less diverse supply chains.²⁴⁴
- ◆ **Customer reputation and loyalty:** Promoting supplier relationships with women entrepreneurs is associated with enhanced reputation and customer loyalty.²⁴⁵
- ◆ **Innovation:** Gender-inclusive procurement is correlated with more innovation and adaptability, enabling corporates to better respond to customers' needs.²⁴⁶
- ◆ **Risk mitigation and resilience:** A diverse base can mitigate operational risks when facing demand shocks due to pandemics, natural disasters, or economic downturn and make supply chains more resilient and agile, by increasing the number of suppliers, distributors, or retailers.²⁴⁷

		Direction of Evidence	Strength of Evidence
R5.2	Do performance benefits incentivize corporations to increase their sourcing from WSMEs?		

No evidence could be found whether performance benefits incentivize corporates to increase their sourcing from WSMEs. More research and evidence is need, including on how performance-based incentives can promote organizational changes so that corporates increase their sourcing from WSMEs in the long term.

²⁴¹ The Hackett Group 2017
²⁴² McKinsey 2010
²⁴³ IFC 2022
²⁴⁴ The Hackett Group 2017
²⁴⁵ Vazquez and Frankel 2017
²⁴⁶ UN Women 2022
²⁴⁷ Chin 2017

5.3 EVIDENCE GAPS AND PRIORITIZED RESEARCH OPPORTUNITIES

Based on the knowledge gaps and general unevenness of the evidence reviewed (see Annex 3), an extensive list of research opportunities and potential questions has been derived to support possible future studies (see Annex 4). As part of the peer review process of this paper and based on the top research areas indicated by peer reviewers, the following three research opportunities have been identified:

1. Inclusive corporate value chain programs
2. The use of technology and digital platforms
3. Cross-overs into male-dominated sectors

Inclusive corporate value chain programs

Evidence gaps: The review shows that there is limited evidence on corporate supplier diversity programs aimed at integrating more WSMEs as producers, suppliers, distributors, and retailers. Although inclusive corporate value chain programs increasingly focus on women, many programs use reach numbers (e.g., number of women entrepreneurs trained or number of connections facilitated), but no evidence could be found on the number and size of contracts awarded to WSMEs. The lack of baseline data seems to be a challenge to anticipating the increase in spend for women and incentivizing corporates to further increase the ratio of WSMEs participating in corporate supply chains. There is only limited evidence on what constitutes an effective supplier diversity program and what practices and policies are most effective to increase sourcing from WSMEs.

There are also evidence gaps on how interventions from other focus areas can increase effectiveness. Access to trade finance seems to be a critical factor for WSMEs to be able to access new markets; however, more research is needed on the impacts of trade finance on the ability of WSMEs to access value chains and new markets and grow. Furthermore, evidence on long-term impacts of supplier diversity programs is widely lacking. Business and social impacts of supplier diversity programs have not been studied in a rigorous manner with statistically significant data from companies.

Research opportunities: Studies exploring what works to engage WSMEs in corporate value chains as producers, suppliers, distributors, and retailers:

- a. Sector-specific studies on the dynamics of different value chains and the role and needs of women therewithin (as producers, suppliers, distributors, retailers)
- b. Sector-specific studies on which practices and policies are most effective to increase sourcing from WSMEs
- c. Studies on tie-ups between corporates, financial intermediaries, and fintechs to advance value chain financing options and how to connect these with training programs offered by corporates
- d. Studies on the effectiveness of trade finance to engage more WSMEs in corporate value chains
- e. Studies on the effectiveness of performance-based incentives for corporates to increase their sourcing from WSMEs
- f. Studies on long-term business and social impacts of inclusive value chain programs

The use of technology and digital platforms

Evidence gaps: Digital platforms and e-commerce have shown promise in helping SMEs access regional and international markets and improve business outcomes; however, evidence is still limited and no gender-specific studies could be found. More research is needed on which interventions are most effective in bringing more women entrepreneurs onto digital platforms and in teaching them how to navigate these platforms to reach new customers (e.g., training, technical assistance, and designing new financial solutions for women). There is also limited evidence on B2B distribution platforms and how these can help women entrepreneurs connect to corporates. Lastly, not much is known on how women use technology to make their business more efficient, productive, and adaptive to their lives. More research is needed on how women can leverage technology and software to develop scalable business models.

Prioritized research opportunities: Studies exploring how technology and digital can be used to help WSMEs access new markets and grow:

- a. Studies on the effectiveness of digital skills trainings (and/or technical assistance) on the ability of women entrepreneurs to reach new customers on digital platforms
- b. Studies on the role of e-commerce for business growth and internationalization of WSMEs
- c. Studies on how digital platforms can use data (e.g., sales histories) to provide financial services to women entrepreneurs
- d. Studies on the role of technology platforms in linking women entrepreneurs as distributors and retailers to corporates
- e. Studies on how women entrepreneurs can use technology and software to digitalize their business and develop scalable business models

Cross-overs into male-dominated sectors

Evidence gaps: There is emerging evidence on the high positive impacts of supporting women entrepreneurs in crossing over to more innovative, productive, mostly male-dominated sectors (e.g., manufacturing or technology). Women entrepreneurs in male-dominated sectors seem to contribute to decreasing the gender profit gap. More research is needed to better understand how to encourage women entrepreneurs to cross over into male-dominated sectors and how to bring them onto growth paths in those sectors.

Prioritized research opportunities: Studies exploring the dynamics, motivation, and incentives of women entrepreneurs to cross over to male-dominated sectors:

- a. Studies on what factors encourage potential versus existing women entrepreneurs to enter or cross over into male-dominated sectors
- b. Studies on how women entrepreneurs in male-dominated sectors can be best supported to bring them onto growth paths
- c. Studies on how supplier diversity programs can enable women to cross over into male-dominated sectors and secure high-value contracts
- d. Studies on how networks can influence women's decision to enter male-dominated sectors
- e. Studies on more granular sector-specific examination

5.4 ACCESS TO MARKETS & TECHNOLOGY REFERENCE MATERIALS

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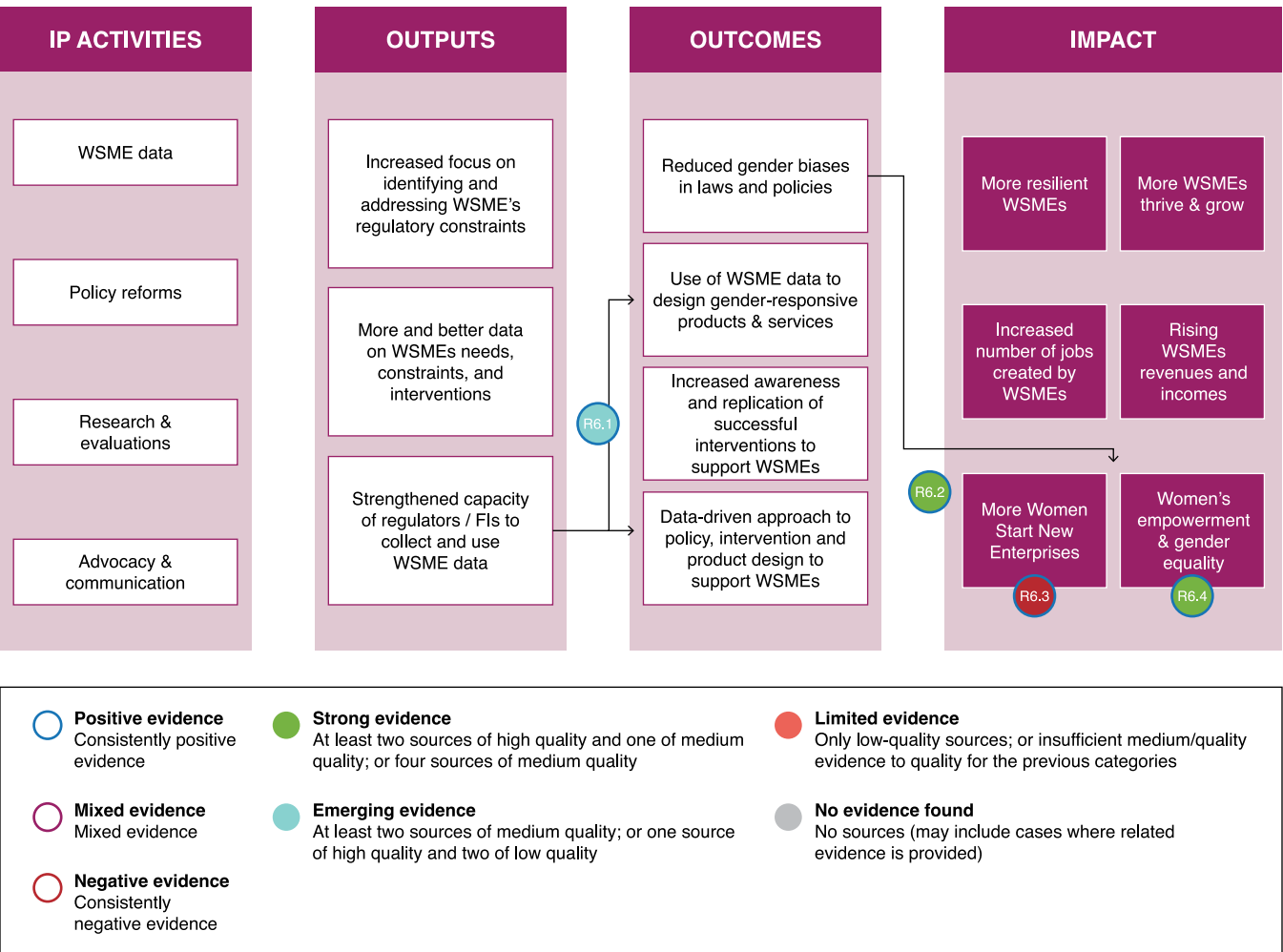
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EVIDENCE ON THE ENABLING ENVIRONMENT


6.1 IMPACT PATHWAYS

This chapter provides a review of existing evidence on what works and what does not work in addressing WSMEs' constraints and improving the enabling environment for WSMEs. As illustrated in We-Fi's ToC, the focus area "enabling environment" offers several pathways to impact (see Figure 6). Research questions R5.1–R5.4 were derived from the ToC and mapped to different impact pathways. In this chapter, each research question is stated along with the overall evidence direction (positive, mixed, negative) and evidence strength (strong, emerging, limited, no evidence found). This is then followed by a short summary and a list of the available evidence.

Figure 5. Impact Pathways for Access to Markets and Technology



6.2 FINDINGS

H6 More WSME data, fewer discriminatory laws and policies, reshaped gender norms, and the availability of high-quality and affordable care options positively affects women's entrepreneurship and employment		Direction of Evidence	Strength of Evidence
R6.1	Does the collection and use of sex-disaggregated data by governments and financial intermediaries lead to a more data-driven approach to policy, intervention, and product design to support WSMEs?		

Most governments and private sector companies are not yet in the habit of collecting sex-disaggregated data on financing for SMEs and do not fully recognize the value of this information to develop effective financial products, policies and programs for WSMEs. Additionally, not all actors who collect sex-disaggregated data use the data to inform their business decisions. Thus, there is a **limited but growing number of examples** of how sex-disaggregated data have been used to develop new products, programs, or policies for WSMEs.

- ◆ Evidence shows that a number of efforts are underway to improve the collection and use of sex-disaggregated data. For example, in 2018, the Women's Financial Inclusion Data (WFID) partnership developed a global gender strategy to expand the role of sex-disaggregated data in increasing women's financial inclusion, including for WSMEs.²⁴⁸
- ◆ A report by IFC showed that 60 percent of financial institutions surveyed indicated they collect sex-disaggregated data, but only 14 percent use the data to inform their business decisions.²⁴⁹
- ◆ Chile is the only country in the world that has consistently tracked sex-disaggregated data on its financial system for over 10 years. It has narrowed gender gaps in many areas, but several persist, including in labor force participation and wages. Using insights from supply-side sex-disaggregated data, BancoEstado officials, for instance, have developed the internal business case for its Crece Mujer Emprendedora program.²⁵⁰
- ◆ In Bangladesh, sex-disaggregated data led the Bangladesh Bank to modify its SME financing policy for women. The central bank in Bangladesh also issued regulations based on collected data, instructing banks and other financial institutions to provide collateral-free loans to women entrepreneurs, and created a dedicated desk at bank branches to serve them. In Senegal, the Ministry of Economy Finance and Planning, informed by sex-disaggregated data, made available public funds to support women's entrepreneurship, built awareness about women's access and usage of financial services and established programs to increase women's access to credit.²⁵¹

²⁴⁸ World Bank Group 2020

²⁴⁹ IFC and UKAid 2021

²⁵⁰ Data 2X et al. 2016

²⁵¹ Alliance for Financial Inclusion 2017

		Direction of Evidence	Strength of Evidence
R6.2	Do reduced gender biases in laws and policies correlate with higher women's entrepreneurship and employment?	⊕	●
	Women's entrepreneurship	⊕	●
	Women's employment	⊕	●

There is **strong evidence** on the correlation between less gender-biased laws and policies and women's employment and entrepreneurship, although the supporting evidence is stronger in some areas than others. More research is needed on the causal impact of improvements in laws on women's entrepreneurship to better understand which laws matter most.

- ◆ Data from the World Bank's Women, Business and the Law covering 190 countries over five decades show that legal reforms are positively associated with outcomes in women's employment.²⁵² Similarly, OECD data on gender equality and entrepreneurship indicate that more women join the workforce in economies that are reforming toward gender equality.²⁵³
- ◆ A study by Iqbal et al. (2016) explored the degree of legal gender disparities across 167 countries and found that a high degree of legal gender disparities is negatively associated with a wide range of outcomes, including, labor force participation rates, proportion of women top managers, and the percentage of women that borrowed from a financial institution.²⁵⁴
- ◆ A study by Islam et al. (2017) using data for more than 60,000 firms across 104 economies found that discriminatory laws not only discourage women's participation in the workforce, but also their likelihood to become top managers and owners of firms.²⁵⁵
- ◆ A World Bank paper on the impacts of legal discrimination on women's employment showed that there is strong causal evidence in some reform areas like property rights, retirement, and divorce laws. Evidence in other areas, like childcare policies or occupational segregation, is less but still establishes significant and strong associations between the studied legal reforms and women's economic outcomes. Findings reported in the area of legal protections from violence and discrimination remain limited and inconclusive.²⁵⁶
- ◆ Evidence shows that equalizing women's rights to own, manage, and inherit property increases their ability to start and grow businesses, because access to assets gives them the collateral needed to secure credit. This is illustrated by the example of Côte d'Ivoire where spouses are granted equal rights to own and manage property during marriage.²⁵⁷

²⁵² Women, Business and the Law 2021

²⁵³ See Key Charts on Entrepreneurship, OECD, <https://www.oecd.org/gender/data/entrepreneurship/#d.en.387805>

²⁵⁴ Iqbal et al. 2016

²⁵⁵ Islam et al. 2017

²⁵⁶ Adnane 2021

²⁵⁷ IFC 2017a

- ◆ Research by Hyland et al. (2021) explored the relationship between gender discriminatory laws and the probability that a women-owned business begins operating in the informal sector. It found that gender discriminatory laws increase the likelihood that women-owned firms begin operations in the informal sector.²⁵⁸
- ◆ Moreover, data from the World Bank's Women, Business and the Law show that having fewer discriminatory laws and policies in place results in larger investments in health and education. Such results suggest that giving women more economic rights strengthens their bargaining power within the household, leading to better outcomes not only for themselves but also for their children and families.²⁵⁹

		Direction of Evidence	Strength of Evidence
R6.3	Does reshaping gender norms boost gender equality in entrepreneurship and employment?	⊕	●
	Women's entrepreneurship	⊕	●
	Women's employment	⊕	●

There is **limited evidence** demonstrating how shifting gender norms can lead to more gender equality in entrepreneurship, such as more women starting a business or more women entrepreneurs entering male-dominated industries. However, there is **emerging evidence** that gender norms influence women's employment.

- ◆ Results from a randomized controlled trial in India showed that a reform that granted women from specific religious groups inheritance rights equal to men significantly increased firm creation by women.²⁶⁰
- ◆ Evidence from South Africa indicates that women face deeply rooted socio-cultural challenges, in particular patriarchal attitudes in male-dominated industries (i.e., construction industry). Strategies to overcome these challenges include partnering with male business owners when bidding for jobs and forming business networks.²⁶¹
- ◆ Jayachandran (2020) examined several gender norms (like harassment and violence toward women in public spaces, restrictions placed on women's social interactions and freedom of movement, control over household finances, intimate partner violence, and who should be the family breadwinner and who should be responsible for childcare) and summarized how these norms constrain women's participation in the labor market. Jayachandran concluded that women's employment can be improved by designing policies and programs to work around these norms (e.g., enable women to network with other women where social norms limit interaction with men) and by directly shifting beliefs and attitudes that privilege men in the workplace (e.g., through media campaigns or school-based programs²⁶²).²⁶³
- ◆ Recent experimental studies show that training focused on reshaping gender norms can be effective²⁶⁴ and when combined with vocational empowerment training, they can improve labor market and other empowerment outcomes.²⁶⁵

²⁵⁸ Hyland et al. 2021

²⁵⁹ Women, Business and the Law 2021, World Bank Group, 2021

²⁶⁰ Naaraayanan 2019

²⁶¹ Aneke et al. 2017

²⁶² Dhar et al. 2022

²⁶³ Jayachandran 2020

²⁶⁴ Dhar et al. 2022

²⁶⁵ Bandiera et al. 2020

		Direction of Evidence	Strength of Evidence
R6.4	Does the availability of high-quality and affordable childcare options correlate with higher women's entrepreneurship and employment?	⊕	●
	Women's entrepreneurship		●
	Women's employment	⊕	●

Strong evidence suggests that government-subsidized or employer-supported childcare programs may have a positive impact on **women's employment** (and child development), but there is a **lack of studies** that analyze the impact on **women entrepreneurship**, including women's business performance or women's ability to manage a business. Moreover, more studies are needed on the broader spectrum of care, including elderly care and the redistribution of domestic work.

- ◆ Experimental studies have yielded some evidence that shows offering government-subsidized or employer-supported childcare facilities can be effective in promoting women's employment.²⁶⁶ For example, in Kenya, results from a randomized control trial showed that vouchers for subsidized childcare services significantly increased the likelihood for women to engage in paid work.²⁶⁷ Other studies showed that childcare services increased mothers' employment rate by 26 percent in Mozambique, by 36 to 46 percent in Brazil,²⁶⁸ and by 5 percent in Chile.²⁶⁹ In countries such as Brazil, Chile, Ecuador, India, Japan, Jordan, and Turkey, employers are required to provide or support childcare.²⁷⁰
- ◆ In a field experiment in Uganda, women entrepreneurs were offered a childcare subsidy, an equivalent cash grant, both, or nothing. Results showed that childcare led to a 44 percent increase in household income, which is at least as large as the impact of the cash grant. However, while the childcare subsidy also improves child development, the cash grant does not.²⁷¹
- ◆ Evidence from the COVID-19 lockdown in China indicates that increased needs for family-provided childcare significantly reduced the probability of parents, in particular mothers, returning to work when workplaces were reopened.²⁷² Similarly, a study in India found that the recovery in women's employment was lower than the recovery in men's employment compared to their pre-pandemic starting points.²⁷³
- ◆ A study by Amin et al. (2016) using firm-level data for a sample of 33,302 firms in 53 developing countries showed that women's employment in the private sector is significantly higher in countries that mandate paternity leave.²⁷⁴

²⁶⁶ Ward et al. 2009

²⁶⁷ Clark et al. 2019

²⁶⁸ Gender Innovation Lab 2019

²⁶⁹ Martínez and Peticarà 2017

²⁷⁰ IFC 2017b

²⁷¹ Bjorvatn et al. 2022

²⁷² Ma et al. 2020

²⁷³ Deshpande, 2020

²⁷⁴ Amin et al., 2016

6.3 EVIDENCE GAPS AND PRIORITIZED RESEARCH OPPORTUNITIES

Based on the knowledge gaps and general unevenness of the evidence reviewed (see Annex 3), an extensive list of research opportunities and potential questions has been derived to support possible future studies (see Annex 4). As part of the peer review process of this paper and based on the top research areas indicated by peer reviewers, the following three research opportunities have been identified:

1. The role of social norms
2. The role of care and domestic work

The role of social norms

Evidence gaps: There is emerging evidence on how gender norms influence women's employment, but only limited evidence demonstrating how they influence women's entrepreneurship. In many studies, gender norms are mentioned to limit WSMEs access to new opportunities and resources, like finance, skills programs, or networks. Gender norms are also likely to influence the number of women entrepreneurs in male-dominated sectors and in the economy overall, but more research is needed to explore the impacts of gender norms in different contexts and how they can be worked around or shifted to promote women's entrepreneurship.

Research opportunities: Studies exploring how social norms limit WSMEs' access to new opportunities in different contexts and how they can be worked around or shifted:

- a. Experimental studies, as well as qualitative research, on the impact of gender norms on women's business startup (in male-dominated sectors) in different contexts
- b. Studies on the role of gender norms in mediating the effectiveness of interventions to increase access to finance, skills, and markets
- c. Studies on who should be targeted (e.g., women, men, parents) to work around or shift gender norms
- d. Studies on the effectiveness over time of legal reforms on social norms

The role of care and domestic work

Evidence gaps: Growing evidence suggests that childcare programs may have a positive impact on women's employment, but there is a lack of studies that analyze the impact on women entrepreneurship. Moreover, no evidence could be found on other areas of the care economy like elderly care or end-of-life care.

Prioritized research opportunities: Studies exploring the impacts of different types of care services on WSMEs' business growth and women's economic empowerment:

- a. Studies on elder care and end-of-life care services on women's entrepreneurship
- b. Studies on the role of care and domestic work in mediating the effectiveness of interventions to increase access to finance, skills, and markets
- c. Studies on how women can leverage their knowledge and position to create new business opportunities and disrupt childcare, eldercare, health care, and education systems
- d. Studies on the impacts on women entrepreneurs leaving and re-entering workforce for childcare, such as during the COVID-19 pandemic

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EVIDENCE-BASED INSIGHTS, EVIDENCE GAPS AND CONCLUSION

This chapter builds on the findings from the evidence review and summarizes evidence-based insights on the effectiveness of interventions in supporting WSMEs and on the validity of We-Fi's ToC. It also highlights common challenges in the evidence base and outlines broad evidence gaps and opportunities going forward.

7.1 INSIGHTS ON INTERVENTION EFFECTIVENESS

Although the evidence base on the effectiveness of interventions to support WSMEs in developing countries is growing, it is still limited, making it difficult to draw conclusions about what works to support WSMEs in developing countries, especially when it comes to the long-term impacts.

Based on the evidence mapping, a few preliminary patterns emerge on which interventions may be effective in supporting WSMEs, although more evidence is required to substantiate them and better understand the dynamics and effectiveness of interventions in different settings and regions. Moreover, these preliminary results do not mean that other interventions are not effective, as impacts may hide among evidence gaps where large-scale data gathering and valid impact evaluations have been hampered.

General insights:

- ◆ **Segmenting women entrepreneurs:** The effectiveness of interventions varies depending on the characteristics of women entrepreneurs (e.g., opportunity and necessity entrepreneurs)²⁷⁵ or types of businesses (e.g., micro-enterprises, SMEs, and startups). Some interventions might only be effective for certain types of entrepreneurs (depending on the size, sector, stage of their business development). For the success of interventions, it is crucial to have a clear target group and to understand how best to screen women entrepreneurs to identify those with the most potential in order to maximize the impact of interventions. Gender-responsive, targeted strategies and approaches are needed to meet the diverse needs of women entrepreneurs and unleash their potential.
- ◆ **Understanding contextual constraints:** The effectiveness of interventions may often depend on underlying gender-based, contextual constraints (e.g., intra-household norms). Therefore, it may be crucial to engaging men in the debate, conversation, and even interventions to achieve a more supportive environment for women entrepreneurs. Clearly understanding the constraints that WSMEs face in different contexts is an important first step to designing effective interventions.
- ◆ **Addressing multiple constraints:** Since WSMEs are likely to face multiple constraints, combining complementary interventions seems to be a promising approach to increasing their impact on WSMEs' business performance and growth.

²⁷⁵ Necessity entrepreneurship is pursued by push factors for economic survival, while opportunity entrepreneurship is initiated by pull factors to attain greater personal satisfaction and create employment opportunities for others.

Access to finance:

- ◆ Financial products and services tailored to the needs of WSMEs have proven to be effective in addressing gender-based constraints in developing countries and enhancing access to finance for women entrepreneurs. For example, digital cashflow-based lending or lending based on psychometric tests have shown some promising results as alternatives to collateral in Africa and are currently being tested in other contexts.
- ◆ Interventions that combine finance and training may be more effective in supporting WSMEs' business performance than finance or training alone.
- ◆ In-kind grants for women microentrepreneurs, and large cash grants for growth-oriented businesses (as part of business competitions and awards) have proven to encourage business investment and increase business performance of WSMEs.
- ◆ Digital technologies may offer new delivery channels to effectively deliver credit and other financial services to women entrepreneurs. Digital finance (i.e., mobile money) holds the promise to significantly improve women entrepreneurs' access to finance, leading to women's empowerment through better control over assets and increased decision-making power at home.
- ◆ More gender diversity at financial intermediaries (i.e., more female investors, fund managers, and loan officers) may be key to increasing the level of financing going to WSMEs and reducing the gender financing gap.
- ◆ Gender intelligence training for employees in banks has proven to be effective in tackling gender biases in lending decisions.
- ◆ Sex-disaggregated data is fundamental to building the business case for financial intermediaries to target the WSME market. Emerging data underlines a clear positive business case for financial intermediaries targeting WSMEs.
- ◆ Targeted funding and technical assistance for financial intermediaries to serve WSMEs show initial positive results in mobilizing additional funds from financial intermediaries and impacting their strategic approaches in regard to the WSME segment.

Access to skills and networks:

- ◆ Training programs integrating gender-specific content tend to impact WSMEs' business performance positively.
- ◆ Innovative delivery mechanisms for training programs (e.g., wraparound services like childcare services, peer and spousal support, and transportation) seem to be an effective way to make training programs more accessible to women entrepreneurs.
- ◆ Targeted business training programs and the integration of mentoring, coaching, and networking activities into traditional business trainings have seen promising results in increasing WSMEs' business performance, although more gender-specific research is required.
- ◆ Socio-emotional trainings are likely to have a positive impact on business performance.

- ◆ Networks (e.g., business networks, social networks, and peer networks) are likely to play a central role for entrepreneurs in general, as networks may enable better access to finance and markets, but more gender-specific research is needed.

Access to markets and technology:

- ◆ Inclusive value chain programs seem to be effective in helping WSMEs access corporate value chains and public procurement, leading to improved business performance.
- ◆ More gender-inclusive procurement policies and practices have proven to increase business benefits for corporates.
- ◆ E-commerce has shown promise in supporting SMEs accessing regional and international markets and improving business outcomes, although more gender-specific studies are needed.
- ◆ Mentorship, spousal support, and role models have proven to increase the likelihood of women to cross over to male-dominated sectors. Moreover, improved access to innovative sectors, in combination with increased access to disruptive technology, could spur women's participation in high-growth entrepreneurship.

Enabling environment:

- ◆ Findings across numerous studies and geographical contexts indicate that socio-cultural factors (e.g., gender norms) often limit women entrepreneurs in leveraging resources from support programs (i.e., finance, skills, and networks) to improve their business growth. Access to mentors, role models, and networks, and integrating spouses or other family members into interventions have shown some promising results in helping WSMEs grow.
- ◆ There is strong positive evidence on the correlation between less gender-biased laws and policies and women's employment and entrepreneurship
- ◆ Childcare services have shown to increase women's participation in the workforce, but more evidence is needed on the effects on women's entrepreneurship.

7.2 VALIDATION OF WE-FI's THEORY OF CHANGE

The evidence review confirms that the four We-Fi focus areas—access to finance, access to skills and networks, access to markets and technology, and the enabling environment—address the main constraints faced by WSMEs in developing countries and are well-informed by the current literature. The review also highlighted the mutually reinforcing role that these focus areas play and We-Fi's multi-dimensional ecosystem approach aimed at addressing different barriers that constrain WSMEs. For example, training programs may not deliver sustainable results if WSMEs lack access to finance, or access to markets interventions may not be effective if WSMEs cannot access trade finance. Similarly, granting WSMEs access to resources may not be effective if gender norms and market behaviors are neglected.

The results of this evidence review also provide grounding for the impact pathways in We-Fi's ToC. The near complete absence of negative evidence that would contradict the impact pathways provides validation of We-Fi's ToC. Although there is a growing body of literature on WSMEs, evidence on what works and what does not work to support WSMEs in developing countries is emerging or limited, underlining the importance of strengthening the evidence base across the field and further reinforcing We-Fi's ToC. It posits that a more robust collection of sex-disaggregated data will translate into an increased awareness of WSME needs, foster the ability to design tailored services, and replicate successful interventions. More extensive analysis and research based on sex-disaggregated data will help nuance We-Fi's understanding of its impact pathways and increase impact.

7.3 COMMON CHALLENGES IN THE EVIDENCE BASE

The following challenges are shared across the evidence base used for this paper.

Gender and SME focus: Research specifically focusing on women-owned and led SMEs is scarce. Studies on SMEs usually do not measure gendered effects in business outcomes, although men and women entrepreneurs may be included in the samples. A general issue is the low uptake of ecosystem players in collecting and using sex-disaggregated data. The low availability of evidence on WSMEs in some areas suggests that evidence gaps and questions might not be on the same level of specificity. The few studies that exist on women entrepreneurship mainly focus on micro-entrepreneurship. Although the needs, growth, and dynamics may differentiate between micro-enterprises and SMEs, studies on micro-entrepreneurship (always marked as such) should be acknowledged to derive lessons learned and identify interventions that can be tested with WSMEs. However, it is also important to note that some of the discussions around micro-entrepreneurship might not apply to SMEs, which may need different kinds of attention and support in some areas.

Segmentation: Women entrepreneurs and WSMEs should not be viewed as a homogeneous group. Although research highlights the importance of differentiating between different types of entrepreneurs (e.g., growth and necessity entrepreneurs), businesses (e.g., microenterprises, SMEs, and high-growth startups), and business stage (e.g., startups versus established businesses), there are only few studies that disaggregate data and explore business outcomes for different segments of women entrepreneurs. Furthermore, there are only a few frameworks for segmentation²⁷⁶ and definitions can vary widely. Target-specific research based on better segmentation frameworks and clear definitions are central to better understanding what works for whom and why. This would benefit from further refining the framework used to define WSME and women entrepreneur segments.

Methodology: Certain evidence gaps may be based on the lack of particular study methods (e.g., experimental studies like randomized controlled trials, or RCTs) or the insufficient duration of studies to track long-term impacts. For example, a significant number of programs that support WSMEs do not include rigorous impact evaluations based on RCTs. These are time-consuming and costly, and may not be feasible for private organizations, such as banks, investors, or fintechs. Therefore, building the evidence base on the impacts of improved access to finance, skills, networks, and markets cannot be based solely on RCTs, but must also include other types of data and inputs, including non/quasi-experimental quantitative methods and qualitative methods, like ethnography and case studies to complement surveys and help interpret the data. Mixed methods for impact evaluations can spur a richer understanding and more complete picture of what works to support WSMEs in developing countries. Moreover, the

²⁷⁶ See for example Dalberg, Collaborative for Frontier Finance and Omidyar study on "Segmenting Enterprises to Better Understand Their Financial Needs" https://static1.squarespace.com/static/59d679428dd0414c16f59855/t/5bd00be5a4222f3b7d137d5f/1540361243733/Missing_Middles_CFF_Summary.pdf

evaluation of interventions over longer periods of time should not be neglected, as some studies have shown that impacts on WSMEs may change over time. Endogenous factors: Some evidence compares samples of women and men, without fully controlling for endogenous factors. Since many more men start businesses than women, the bar might be higher for women and there might be a wider range of quality and type of male firms. Thus, failure and growth rates of existing entrepreneurs, by gender, might not be accurate.

Average effects: “Average effects” are often heavily diluted by the heterogeneity of businesses and business owners in a given research sample. Program and policy goals are to provide programming that benefits the target group or market. Average effects, in contrast, reflect net effects. This means that half of the group may benefit considerably from a particular financing or training program, while the other half does not. This is one area where research questions on “how” and “why” play an important role for defining who benefits from which types of policies and programs, not so much whether the average outcome is significant across all businesses or entrepreneurs (e.g., how and why networks help women grow businesses; why networks work for some entrepreneurs but not others).

Generalizability: For rigorous studies, there are questions about the generalizability of findings across geographies and sectors. For example, evidence is typically based on a set of countries and sometimes tends to be clustered in a particular region (e.g., digital finance in Sub-Saharan Africa). More geographic diversity may lead to more generalizable findings and a better understanding of the dynamics and effectiveness of interventions in different settings and regions.

7.4 BROAD EVIDENCE GAPS AND RESEARCH OPPORTUNITIES GOING FORWARD

Generally, it has been well-studied that women entrepreneurs have less access to finance, support programs, networks, and markets compared to men entrepreneurs. However, when it comes to evidence on what works to address these constraints, evidence is generally limited or emerging (see Annex 3).

Access to finance:

- ◇ Evidence on improving access to finance for WSMEs is growing but still scarce. Most studies on access to finance focus on micro-entrepreneurship or lack sex-disaggregated data. More studies specifically focused on WSMEs are needed.
- ◇ While most evidence focuses on micro-credit, more research on other loan products and financing options (e.g., equity, insurance) is required.
- ◇ There is some positive evidence that the design and targeting of financial products and services might be critical, and that gender-specific products and services must be developed and researched to more specifically address WSME constraints.

Access to skills and networks:

- ◇ Although the number of training programs is growing, evidence about the impact of training programs remains thin—even more so when it comes to gender-differentiated outcomes and impacts.
- ◇ Most studies focus on traditional business training where evidence is often mixed. More research on the training design, delivery, and targeting to more effectively address WSME constraints is needed. Also more studies on other types of trainings (e.g., socio-emotional skills trainings) and on bundling business training with coaching, mentoring, and/or networking activities is required.

- ◇ The heterogeneity in training content and trained entrepreneurs makes comparisons across studies difficult. Segmentation frameworks and more specific research on what works for what types of women entrepreneurs could help increase the effectiveness of training programs.

Access to markets and technology:

- ◇ Evidence on improving access to markets for WSMEs is scarce, in particular when it comes to sectorial approaches to increase WSMEs access to markets.
- ◇ Most of the available studies are conducted by corporations or international development organizations. More academic research is needed in this area.
- ◇ There is limited but growing evidence on corporate supplier diversity programs aimed at integrating more WSMEs as producers, suppliers, distributors, and retailers. Also looking at digital platforms and e-commerce, evidence is still limited and more gender-specific studies are needed.

Enabling environment:

- ◇ There is strong positive evidence that reducing gender biases in laws and policies positively impacts women's employment and entrepreneurship. However, more research is needed on the causal impact of improvements in laws on women's entrepreneurship to better understand which laws matter most.
- ◇ There are clear findings across several studies in diverse geographical contexts that gender norms often limit the possibilities of women entrepreneurs. However, more studies are needed to explore the effectiveness of interventions that aim to work around or shift gender norms to positively affect women's entrepreneurship.
- ◇ Research on the care economy appears to be an important emerging area, especially in the light of the COVID-19 pandemic. However, there is a lack of studies that analyze the impact of childcare programs on women entrepreneurship, as well as research that focuses on other areas of the care economy like elderly care or end-of-life care.

The review also highlights the need to fill data gaps on a more macro-level, (e.g., more specific data on the WSME financing gap, productivity gap, or their economic contribution). Having key macro level data helps to support research and policy makers to better understand the state of women entrepreneurship and the further progress needed in order to reach gender parity. Moreover, the review shows that evidence on impact level is often lacking. It is not clear how different interventions to increase access to finance, skills, and markets contribute to job growth, women's business startup, and women's empowerment more broadly. For example, the review indicates that evidence on direct and indirect job creation through WSMEs is widely lacking. Given that women entrepreneurs tend to hire other women, it would be interesting to examine the extent of WSMEs' impact on wage employment of other women (job quality and number of jobs). Further articulating and quantifying the direct as well as indirect impacts on WSMEs and women's economic empowerment would bring important insights to better support WSMEs by establishing a more data-driven approach to policy, intervention, and product design.

Based on these evidence gaps, specific research opportunities for each focus area have been derived and prioritized (see chapters 3.3; 4.3; 5.3; 6.3). The prioritized research opportunities can help We-Fi, its partners and other ecosystem players guide future research and build the evidence base. The findings of this paper show where evidence gaps need to be filled and the prioritized research opportunities can serve as a starting point for establishing We-Fi's research agenda. Drawing on this framework, the We-Fi Secretariat can engage with implementing partners, thought leaders, practitioners, researchers, and others stakeholder to identify and fill the most pressing evidence gaps.

ANNEXES

ANNEX 1. DEFINITION AND EXPLANATIONS OF TERMS

Early-stage financing:

Typical sources for seed funding include family and friends, early-stage seed funds, angel investors, crowdfunding, and grants. Early-stage financing can include equity, quasi-equity, and debt instruments.

Venture capital and private equity:

Venture capital (VC) and private equity (PE) firms are crucial players for growth-oriented startups and SMEs. Both invest in companies and exit by selling their investments in equity financing, but VC and PE differ in the types and sizes of companies in which they invest, and they invest different amounts of money. VCs invest in startups that show potential for long-term growth, and PEs invest at later stages in growth companies that are not publicly listed.²⁷⁷ Pioneering banks in emerging markets are starting to engage in equity and quasi-equity investments. Bank involvement in this dynamic space ranges from passive participation, such as investing in equity funds, to active participation, such as setting up their own equity funds.

Value chain finance and trade finance:

The Global Supply Chain Finance Forum defines value chain finance (VCF) as the use of financing and risk mitigation practices to optimize the management of the working capital and liquidity invested in supply chain processes and transactions.²⁷⁸ VCF provides solutions to bridge the gap between the needs of the supplier, who wants to be paid as early as possible, and the buyer, who generally wants to delay payment to improve cash flow. This issue is common in trade and often leaves suppliers without working capital to meet ongoing expenses. Trade finance is an umbrella term used for a range of traditional trade finance techniques that make cross-border transactions possible.²⁷⁹

Gender-focused bonds:

Gender-focused bonds include gender bonds but also social or sustainability bonds that integrate gender projects. See reference in footnote for definitions of social bonds, sustainability bonds and gender bonds.²⁸⁰

Insurance:

Insurance is a means of risk management and protection against losses, represented by a policy in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.²⁸¹

²⁷⁷ For more information see <https://www.investopedia.com/ask/answers/020415/what-difference-between-private-equity-and-venture-capital.asp>

²⁷⁸ For more information see <http://supplychainfinanceforum.org/>

²⁷⁹ For more information see <https://www.tradefinanceglobal.com/trade-finance/>

²⁸⁰ For definitions see <https://www.ifc.org/wps/wcm/connect/05aca7eb-6e85-4296-8b27-f8c75c7107d4/Bonds+to+Bridge+the+Gender+Gap.pdf?MOD=AJPERES&CVID=nQ11OB1>

²⁸¹ For more information see <https://www.investopedia.com/terms/i/insurance.asp#:~:text=What%20is%20Insurance%3F,more%20affordable%20for%20the%20insured.>

Blended finance:

Blended finance is the use of catalytic funding (e.g., grants and capital) from public and philanthropic sources to mobilize private sector investment to realize investments related to Sustainable Development Goals in developing countries.²⁸² Blended finance is not an investment approach, instrument, or end solution but a structuring approach that allows organizations with different objectives to invest alongside each other while achieving their own objectives.

Digital finance:

Digital finance is defined by the Alliance for Financial Inclusion as “the broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances, and insurance.”²⁸³ The term “fintech” often refers to an industry composed of companies that use technology to make financial systems and the delivery of financial services more efficient.²⁸⁴

Accelerators:

Accelerators are typically fixed-term, cohort-based BCPs that provide very early-stage enterprises with intense mentorship, training, fund-raising support, and/or direct financing. Accelerator operating models vary widely in terms of their target sector, stage of enterprise, depth and quality of the services, access to capital-raising support versus direct financial investment, and revenue models.²⁸⁵

Incubators:

Incubators work with startups (or even single entrepreneurs) earlier in the process. A typical incubator has shared space in a co-working environment, mentoring, and some connection to the local community. The terms “incubator” and “accelerator” are often used interchangeably, particularly in emerging markets, and the two often have similar goals and structures.

Networking:

Business networking refers to meeting other business owners, potential suppliers, or other professionals to help start or grow a business.²⁸⁶ Networking can provide founders with resources like professional mentors, access to financial or human capital, and knowledge and experience from others. There are different types of business networking, for example, business seminars, networking groups, or professional associations.

Mentoring:

Business mentoring refers to a relationship between an experienced business person or entrepreneur and a new founder. Through mentoring, founders can develop business skills and gain valuable insights, usually free of charge, which can help them achieve success earlier. Mentoring can be informal through friends, family, or business contacts, or formal through government or industry associations.

²⁸² For more information and the definition of convergence see <https://www.convergence.finance/blended-finance>

²⁸³ For more information see <https://www.smefinanceforum.org/post/why-should-we-care-about-digital-financial-services-dfs>

²⁸⁴ For more information see <https://www.investopedia.com/terms/f/fintech.asp>

²⁸⁵ For more information see https://www.galidata.org/assets/report/pdf/accelerating_women_led_startups_final.pdf

²⁸⁶ For more information see <https://www.thebalancesmb.com/what-is-business-networking-and-what-are-the-benefits-2947183>

Procurement:

Public procurement can be defined as expenditures and activities undertaken by public authorities to purchase goods and services,²⁸⁷ while private procurement focuses on the expenditures and activities undertaken by the private sector to purchase goods and services. Governments and companies spend trillions of dollars on supplies and services each year, so they are uniquely positioned as both buyers and policymakers to promote gender equality and women's empowerment through gender-responsive procurement. There is not yet an agreed definition of gender-smart/responsive procurement. However, UN Women defines it as "the selection of goods, civil works, or services that take into account their impact on gender equality and women's empowerment."²⁸⁸

Digital platforms and disruptive technology:

A digital platform is a technology-enabled business model (through cloud computing, social networks, and mobile devices) that creates value by facilitating exchanges between two or more interdependent groups.²⁸⁹ Digital platforms can revolutionize the way WSMEs grow because they make it easier for companies to find customers, monetize underutilized assets, and access new global markets. Disruptive technologies are emerging technologies that result in significant changes in the cost of or access to products or services, or that dramatically alter the ways people gather information, make products, or interact with each other.²⁹⁰

Gender norms and gendered social norms:

Social norms are informal rules that influence how people behave and expect others to behave. These informal rules are often highly gendered. Gendered social norms prescribe different roles and expectations to men and women in households, communities, and society. For example, women are often expected to stay home and care for their families instead of being engaged in paid work or running a business.

²⁸⁷ For more information see https://ec.europa.eu/growth/single-market/public-procurement_en

²⁸⁸ For more information see <https://www.chathamhouse.org/sites/default/files/publications/research/Gender-smart%20Procurement%20-%2020.12.2017.pdf>

²⁸⁹ For more information see https://www.accenture.com/us-en/_acnmedia/PDF-29/Accenture-Five-Ways-To-Win-With-Digital-Platforms-Executive-Summary.pdf

²⁹⁰ For more information see <https://www.ifc.org/wps/wcm/connect/537b9b66-a35c-40cf-bed8-6f618c4f63d8/202009-COVID-19-Impact-Disruptive-Tech-EM.pdf?MOD=AJPERES&CVID=njn5xG9>

ANNEX 2. EVIDENCE RATING METHODOLOGY²⁹¹

The following rating methodology, based on Dalberg Advisors' methodology in the MASSIF evidence paper, was used to systematically evaluate each source included in this evidence review.

Screening

Studies were required to match the respective research question (e.g., intervention match, relevant intermediary, investment type, etc.) and meet at least two of the following screening criteria:

1. Geographic relevance: Focus on developing countries
2. Population match: Focus on women/women entrepreneurs.
3. Segment match: Focus on SMEs (including microenterprises) and startups

Rating

All the studies that passed the relevance screening were then rated on a quality criteria, including:

1. Quality of the publication (e.g., peer review, number of citations)
2. Quality of the study method (e.g., level of randomization for experimental studies, number of studies cited for literature reviews, etc.)
3. Demonstrated impact (e.g., generalizability of the study)

Overall confidence

Then, the tested coding methodology by Dalberg Advisors, which uses the unweighted averages of the different parameters, was applied to determine an overall confidence score for each source. The categorization is based on the following:

Overall confidence score = < 0.8 → *Low*

Overall confidence score = > 0.8 and < 1.5 → *Medium*

Overall confidence score = > 1.5 → *High*

Rating synthesis

After giving each source a rating (low, medium, high), the direction and weight of evidence for each of the research questions was assessed. The number of high, medium, and low studies were counted for each research questions and then weighted against the following algorithm.

Direction of evidence

- ⊕ Positive: Consistently positive evidence
- ⊘ Mixed: Mixed evidence
- ⊖ Negative: Consistently negative evidence

Strength of evidence

- Strong: At least two sources of high quality and one of medium quality; or four sources of medium quality
- Emerging: At least two sources of medium quality; or one source of high quality and two of low quality
- Limited: Only low quality sources; or insufficient medium/quality evidence to qualify for the previous categories
- No evidence found: No sources found (may include cases where related evidence is provided)

²⁹¹ Based on Dalberg Advisors' methodology in the MASSIF evidence paper

ANNEX 3. EVIDENCE MAPS

● Strong evidence	● Limited evidence	+	—
● Emerging evidence	● No evidence found	/	

Hypothesis 1

Intervention Type (Inputs)	Outputs	Outcomes		Impacts					
	Better Access	Business performance and growth	Reduced gender financing gap	Job Growth		Business Creation		Women's Empowerment	
Finance (direct)				Business performance	Better access	Business performance	Better access	Business performance	Better access
Credit (incl. trade finance)	+	/							
Equity (incl. early-stage financing)		+	/		+		+		+
Insurance	+								
Channel: Digital finance	+								

Hypothesis 2

Intervention Type (Inputs)	Outcomes		
	Performance benefits	Sustainable capital flows	Reduced gender financing gap
Finance (Indirect)			
Targeted funding and technical assistance	+	+	
Gender-inclusive structures and teams	+		+

Hypothesis 3

Intervention Type (Inputs)	Outputs	Outcomes		Impacts			
	Better Access	Business knowledge and practices	Business performance and growth	Job Growth		Business Creation	Women's Empowerment
Skills and Networks				Business performance	Better access	Better access	Better access
Business training	+	/	/			/	
Business training + (incl. Coaching)		+	+				
Socio-emotional skills training			+				
Digital skills training							
Mentoring			+			+	
Networking						+	
Acceleration/incubation/STEM initiatives			+				

Hypothesis 4

Intervention Type (Inputs)	Outputs	Outcomes		Impacts	
	<i>Better Access</i>	<i>Business performance and growth</i>	<i>Performance benefits for corporates</i>	<i>Business Creation</i>	<i>Women's Empowerment</i>
Markets and Technology				<i>Better access</i>	<i>Better access</i>
Value chains	+	+	+		+
Public procurement	+	+			
Digital platforms		+			+

Hypothesis 5

Intervention Type (Inputs)	Outcomes	Impacts	
	<i>Data-driven approach</i>	<i>Business Creation</i>	<i>Women's Empowerment</i>
Enabling Environment			
WSME data	+		
Reduced gender biases in laws and policies		+	+
Gender norms		+	+
Childcare			+

ANNEX 4. FULL LIST OF RESEARCH OPPORTUNITIES AND QUESTIONS

Access to finance

Better access to finance (H1 → R1.1)

Research opportunities:

- More studies to explore innovative products, services, and approaches on how banks, funds, accelerators, insurers, and fintechs can better serve WSMEs
- Studies on the dynamics of early-stage financing options (including seed funds, accelerators, crowdfunding) in developing countries
- More evidence on a wider range of fintech models other than mobile money, with bigger sample sizes and wider geographic coverage

Possible research questions:

- Are funds better suited to serve WSMEs in developing countries than banks, as they provide high-quality managerial and entrepreneurial support to SMEs?
- How can funds and banks offer complementing services to support WSMEs in accessing finance?
- What is the impact of different early-stage financing options on WSMEs and how do the different options complement each other in serving women-led startups?
- What impact do less risky financing products (like debt or revenue-share) have on the risk perceptions of investors and their investments in WSMEs?
- Do women-led startups participating in “female niche accelerators” grow investment faster than women-led startups participating in traditional or well-established accelerators?
- Do investment readiness programs increase the pipeline of WSMEs considered for financing and investing?
- What insurance solutions help WSMEs manage their risks and gain access to financing?
- Do gender-focused bonds increase the number of loans made to women and is this impact truly additional?
- Can gender bonds be used to impact WSMEs beyond access to finance (e.g., in helping WSMEs get access to value chains)?
- How are supply chain financing programs facilitating WSME access to short terms capital and how does this enable their access to markets?

Business performance and growth (H1 → R1.2)

Research opportunities:

- More rigorous studies on the impact of better access to finance (for different financing options) on WSMEs’ business growth that specifically focus on women-led SMEs (not solely on micro-enterprises)
- More research on the impact of finance on the business performance and growth for different sizes of SMEs

Possible research questions:

- How effective are different types of quasi-equity products in supporting WSMEs' growth (compared to equity or debt)?
- Do funds with alternative structures (e.g., evergreen funds) consider more WSMEs for investments and do they enable more sustainable business growth than funds with traditional structures?
- What impacts do different insurance products have on WSMEs' business performance?
- Do WSMEs with a business insurance product take higher risks and experience faster business growth?

Job growth, business creation, and women's empowerment (H1 → R1.4-1.6)

Research opportunities:

- More sex-disaggregated data on the impacts of WSMEs on job growth
- Gender-specific research and rigorous evidence (measuring long-term impacts) to show whether business growth of WSMEs leads to greater employment in developing countries
- Rigorous studies on the impact of better access to finance (for different financing options) on women's business creation that specifically focus on women-led SMEs (not solely on microenterprises)
- Rigorous studies on the impact of WSME growth on the number and proportion of WSMEs in an economy
- Studies on the specific impact of WSME performance /growth on women's empowerment

Possible research questions:

- What impacts do different types of women entrepreneurs (e.g., growth vs. necessity entrepreneurs) have on direct and indirect job growth?
- Are women-led high-growth startups greater job multipliers than men-led high-growth companies?
- To what extent do WSMEs have a positive impact on wage employment of other women?
- Does overcoming certain credit constraints (e.g., collateral, flexible debt repayment terms) facilitate women's business entry and survival?
- Do business plan competitions support the creation and survival of women-led businesses?
- Is crowdfunding an effective way to get more women start successful businesses?
- Does improved business performance of WSMEs lead to increased decision-making power at home?

Business case for financial intermediaries (H2)

Research opportunities:

- More and stronger evidence on the business potential of targeting WSMEs for banks, funds, insurance companies, and fintechs
- More studies from banks and insurance companies on the impact of female leadership and management on the business performance of the company
- Macro-level study to analyze the multiplier effect of financial intermediaries
- Studies to measure the catalytic effect of financial intermediaries
- Research on what works in tackling gender discriminatory attitudes toward women entrepreneurs

Possible research questions:

- Do local and global banks earn higher profits from WSME programs?
- Do fintechs experience performance benefits if they specifically target WSMEs?
- Do WSME insurance programs lead to increased profits for insurance companies?
- Do banks (and other financial institutions) with female leaders perform better in the short vs. long term?
- Do banks (and other financial institutions) with a high percentage of female managers perform better in the short vs. long-term?
- How strong is the catalytic effect for different types of financial intermediaries?
- Which financial intermediaries have the potential to drive the multiplier effect?
- Do gender intelligence employee trainings in banks have a long-term effect on the number of loans given to WSMEs?
- What mechanisms are reducing biases in lending practices?
- What are effective strategies to mitigate investor bias?

Access to skills and networks

Better access to support programs (H3 → R3.1)

Research opportunities:

- More rigorous studies on the impact of different training delivery practices (e.g., format, wraparound services) and communication strategies on the application and participation rate of women entrepreneurs in training programs

Possible research questions:

- Has the shift towards online training programs due to COVID-19 led to higher application and participation rates of WSMEs (more reach)? And do more WSMEs, which might not have participated otherwise, demonstrate growth potential (more high-growth potential)?
- How do the components of a hybrid training model look like to target WSMEs?
- What motivates women entrepreneurs to apply to different types of training programs (e.g., business trainings, accelerators, specialized trainings etc.)?
- What types of incentives encourage WSMEs to participate and complete the trainings of any type of delivery method?
- Which formal and informal channels do women entrepreneurs access to gather information, increase skills, and build networks?

Business knowledge and practices (H3 → R3.2)

Research opportunities:

- Rigorous studies exploring the impact of business trainings on business knowledge and practices specifically for women entrepreneurs
- Studies to explore the role of mindset and attitude changes (e.g., confidence, motivation, etc.)

Possible research questions:

- What impact do business and other types of training programs have on the mindsets, attitudes, and the personal and financial resilience of women entrepreneurs?
- Are participants in training programs that include tailored mentoring or coaching services more likely to adopt new practices or attitudes?

Business performance and growth (H3 → R3.3)

Research opportunities:

- More rigorous studies exploring different combinations of bundled trainings (e.g., business skills + socio-emotional skills, socio-emotional skills + capital, digital skills + technical assistance, etc.)
- Rigorous studies on the effects of standalone mentorship, mentorship combined with business training, and mentorship combined with capital on WSMEs' business performance and growth
- Rigorous studies on the impacts of digital skills trainings on WSMEs' business performance
- Large-scale rigorous studies on the impacts of networks and peer learning on WSMEs' business performance
- Studies on the effectiveness of digital tools used for networking purposes between women entrepreneurs to increase their business performance
- Research on the role of networks in accelerating the recovery from COVID-19 impacts for women entrepreneurs
- Rigorous studies on the short and long-term impacts of acceleration and incubation programs on business growth of women-led startups
- More studies focusing on growth entrepreneurs
- Studies to explore the sustainability of WSMEs performance increases beyond a short/medium-term horizon

Possible research questions:

- Are training programs exclusively targeted at women entrepreneurs more effective than programs directed at both women and men entrepreneurs?
- Which components or combination of components (e.g., business skills, technical skills, confidence, etc.) should training programs focus on to effectively support WSMEs in female vs. male-dominated sectors?
- What combination of bundled services (training, capital, technical assistance, networking, mentoring) leads to highest performance increases for women growth entrepreneurs vs. women necessity entrepreneurs?
- Is it more effective to deliver business trainings before or after access to finance interventions?
- Are there any gender differences in the effectiveness of trainings focusing on socio-emotional skills?
- What impact does socio-emotional training have on the business performance of growth entrepreneurs?
- What is the most effective method of teaching self-esteem and confidence to women entrepreneurs (e.g., mentoring, training, edutainment)?
- Are digital skills trainings combined with technical assistance or coaching more effective in increasing WSMEs growth than standalone digital skills trainings?
- Who does what type of business training help most? Which types of training are most suitable for which types of firms?
- Do business trainings have greater impacts if they are more carefully targeted?
- Are online trainings more or less effective than onsite training programs?
- Do women entrepreneurs with a mentor scale their business faster than women entrepreneurs without a mentor?
- How does the length of a mentorship relationship influence business performance?
- What impacts does mentoring support of women vs. men have on WSMEs business growth?

- How can women be incentivized to join business networks and what impact do they have on women's self-confidence, business practices, business performance, and access to finance and markets?
- Do WSMEs with better access to networks have better access to finance and markets?
- How can networking programs and tools (e.g., digital peer networking groups) be adapted to help WSMEs grow?
- How much do networks influence the goals and aspirations of women leading SMEs?
- Have women entrepreneurs with wider peer networks experienced a faster recovery from impacts of COVID-19 on their businesses?
- How effective are female niche accelerators vs. mixed-gender accelerators in increasing business growth of women-led startups?
- Do female niche accelerators deprive women entrepreneurs of valuable networks of well-established, reputable accelerators?
- How effective are curriculum-based accelerator programs vs. more personalized programs with a focus on coaching and one-on-one mentoring?
- Do accelerators help WSMEs reach new networks, enabling them to enter more competitive and productive sectors?
- Do accelerators help WSMEs reach new networks, enabling them to access new financing?
- Do WSMEs that participated in accelerator programs located in a developing country experience relatively higher performance improvements compared to men-owned companies?
- Do benefits of training programs accrue over time?

Job growth, business creation, and women's empowerment (H3 → R3.4-3.6)

Research opportunities:

- Long-term studies focusing on impacts of training programs on employment generation
- Rigorous studies on the impacts of different types of training programs on women's business creation
- More specific studies on the impacts of different kind of networks and mentoring support on women's business creation
- More rigorous studies to examine how different types of training programs impact women's agency and empowerment
- More rigorous studies on the impact of different training delivery practices (e.g., format, wraparound services) on women's empowerment

Possible research questions:

- Do training programs enable WSMEs to access talent and grow their number of employees in the medium to long-term?
- Are women with strong networks more likely to start a business?
- How can mentoring and networking be leveraged to bring more women into male-dominated sectors?
- What types of training programs (e.g., incubators, socio-emotional skills training) have the potential to spur business creation among women?
- What conditions and program design of incubators and STEM initiatives promote business startup among women?

- How can training programs strengthen women's empowerment by addressing underlying social norms?
- Does including men or other household members in training programs make it easier for women to prioritize business investments?

Access to markets and technology

Better access to (digital) markets (H4 → R4.1-4.2)

Research opportunities:

- Rigorous studies on the business and social impacts of supplier diversity programs
- Studies on how distribution networks can increase access to markets for WSMEs, especially as retailers and distributors
- More studies on the role of technology platforms and how e-commerce can help WSMEs access new markets and grow
- Studies on sectorial approaches and dynamics to increase WSME access to markets

Possible research questions:

- Which program design elements and components of supplier diversity programs lead to a sustained higher ratio of WSMEs in corporate value chains beyond the duration of the program?
- What constitutes an effective supplier diversity program and what practices are perceived to be effective and not?
- Does access to a digital platform (e.g., eBay) encourage women to expand their business to other digital platforms (e.g., Facebook, Instagram)?
- Does access to digital platforms lead to more WSMEs selling internationally?

Business performance and growth (H4 → R4.3)

Research opportunities:

- More rigorous studies on the impacts of corporate and public supplier diversity programs and export promotion programs on the business performance of WSMEs
- More rigorous studies on the impact of e-commerce in supporting WSMEs accessing international markets and improving business outcomes

Possible research questions:

What role does e-commerce play as an avenue for the growth and internationalization of WSMEs?

Business creation and women's empowerment (H4 → R4.5-4.6)

Research opportunities:

- Macro-level study to better understand the dynamics of women's business startup and growth in male-dominated sectors
- Rigorous studies on the effects of digital technologies and platforms on women's empowerment

Possible research questions:

- What factors encourage existing vs. potential women entrepreneurs to cross-over and enter male-dominated sectors?

- Do targeted information campaigns about earnings in more productive, innovative sectors encourage women to engage in male-dominated sectors?
- What influence do family, friends and (male) mentors have on women's decision to enter a more profitable, male-dominated sector?
- Does access to digital technologies and platforms encourage women to start a digital business?
- Does access to digital technologies and platforms (e.g., social media platforms) empower women entrepreneurs beyond the possibility to grow their businesses?

Enabling environment

Business creation and women's employment (H5 → R5.2-5.4)

Research opportunities:

- Studies on specific effects of legal and regulatory reforms on women entrepreneurs (e.g., sector choice, investment decisions, access to finance, etc.)
- Further studies on the role of gender norms in mediating the effectiveness of different types of training programs
- Experimental studies as well as qualitative research on the impact of gender norms on women's entrepreneurship in different contexts (e.g., business creation, WSMEs in male-dominated industries)
- Rigorous studies to assess the effects of better access to care services on the business performance of WSMEs

Possible research questions:

- How do social norms influence the implementation of legal and regulatory reforms in different contexts?
- How can gender norms be considered in the design of digital skills trainings or training programs in general?
- Besides training, what can be done to shift gender norms about women's employment and entrepreneurship?
- Who should be targeted to shift social norms regarding women in entrepreneurship: men, women, children, parents?
- Can joint decision-making in household be associated with better business performance of WSMEs?
- Is women's bargaining power in the household correlated with their ability to scale their businesses? Are there differences in business performance between married vs. unmarried women?
- Does better access to care services (e.g., childcare, elderly care) lead to improved business performance of WSMEs?
- How did COVID-19 influence the strategies used by women entrepreneurs to balance competing work-family demands?
- How do norms about men's role as breadwinner affect men's participation in care and domestic duties?



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