



There are **400 million women entrepreneurs** around the world who have vast potential to grow, add value to the economy and create jobs. Yet they face significant obstacles, including an uneven playing field in accessing financing. Closing financing gaps for women entrepreneurs would create \$5-6 trillion in potential value addition globally. For financial service providers (FSPs) this represents a \$1.7 trillion growth opportunity. At a time of great peril for women and women-led businesses - banks, funds, fintechs, regulators, investors and standard-setting bodies worldwide have an opportunity to step up their efforts and work together to unlock their economic potential.

**The Women Entrepreneurs Finance Code (“the WE Finance Code” or “the Code”)** is a multi-stakeholder effort to increase financing to women-led micro, small and medium enterprises ( “WMSMEs”). The Code aims to accelerate financing for women entrepreneurs and create a permanent shift in how women-led businesses are perceived, supported, and financed globally. It aims to leverage champions, data and public commitments to create incentives for action, focus attention and resources towards addressing the lack of sex-disaggregated data as a systemic impediment to expanding finance for women-led MSMEs as pointed out by consistent research.

The core of the Code is a **simple, voluntary pledge that financial service providers (“FSPs”) around the world can make** to endorse the goal of closing the finance gaps facing women-led MSMEs and to commit to taking action in three areas:



**1) Leadership** Designate a senior leader to champion the organizations’ efforts to support women-led businesses.



**2) Data** Monitor and report annually on financing provided to women-led businesses.



**3) Action** Expand and introduce new measures to support and finance WSMEs.

**Country-level Codes** are a critical design feature of the Code, which will drive scale create deeper engagement across the local financial sector ecosystem. **Regulators, FSPs and other ecosystem partners** are encouraged to work together to roll out the Code at the country level to design locally-tailored parameters for the Code, establish reporting guidelines and leverage national data collection infrastructure to standardize reporting. Such coalitions will bring together private and public actors across the financial sector to improve the financing landscape for women entrepreneurs in that country.

**Development finance institutions, industry associations, regulators, standard-setting bodies, donors and technical and knowledge experts** will participate as Partners of the Code (“ecosystem Partners” or “Partners”). These stakeholders will work together to create reinforcing incentives by endorsing the Code and contributing their expertise and resources.

**Annual reporting** will track global and national progress against these commitments, highlighting innovations and challenges. **A public-private advisory council and lean coordinating function** involving We-Fi, OECD and the Financial Alliance for Women will ensure the Code compliments and leverages other efforts to expand financial inclusion, support women’s economic empowerment, and uses gender data to affect change.

The Code aims to engage dozens of countries and reach hundreds of FSPs, and significantly accelerate financing for hundreds of thousands of women directly and indirectly. To refine the approach and ensure its effectiveness, **a pilot phase will be implemented first in selected countries.** This phase will test and refine the implementation model and will pave the way for a global rollout of the Code.

# Goals, Theory of Change and Key Operating Principals

---

## Goals of the WE Finance Code

The goal of the WE Finance Code is to strengthen the performance of women-led MSMEs by increasing their access to financial and non-financial support. The Code builds on existing efforts, partnerships, and infrastructure, which engage with hundreds of FSPs and ecosystem partners in dozens of countries around the world. Through these partnerships, the Code aims to: (1) identify leaders who will prompt action inside and outside of their organizations, (2) improve the collection, analysis and use of supply-side data on the level and quality of funding to women-led MSMEs, (3) catalyze new financial and non-financial mechanisms to meet the needs of WSMEs (4) mainstream standards, policies and regulations to improve sex-disaggregated data and address financing constraints, and (5) mobilize capital for financing and technical support for WMSMEs. The Code will phase out as when data becomes systematically available and there is sustained progress towards leveling the playing field and close finance gaps for women-led MSMEs.

## Theory of Change: Creating Incentives for Action through a Multi-Stakeholder Coalition

The Code is an ambitious attempt to drive systemic change where market failures persist. Financing gaps for women entrepreneurs remain large as a result of a complex set of supply- and demand-side constraints. On the demand side, factors include WSMEs' financial literacy, sector selection, societal norms, risk appetite, asset accumulation and others. On the supply side, these include FSPs' lack of sex-disaggregated data and analytics, which prevent FSPs from seeing WSMEs as a market opportunity, building a business case and securing internal buy-in to invest in WSMEs. Data is also essential for FSPs to develop products and services and engage with investors who interested in supporting WSME finance. To ensure funds are directed properly, investors require baselines, growth projections and results tracking.

FSPs, development banks and regulators each have a role to play in addressing these constraints. But doing so in isolation will only create incremental shifts. Large scale, sustainable change will require collaboration across the ecosystem. The Code aims to align participants so that incentives for action and collaboration increase across the financial sector ecosystem. By signaling their commitment, **financial institutions** would attract more technical and financial support from regulators, investors and technical assistance providers. By engaging with private sector champions, **regulators** could improve adoption of compliance with data collection efforts and enable evidence-based solutions to accelerate financial inclusion in their country. By supporting clients committed to serve women entrepreneurs with a data-driven approach, **development finance institutions** can expand the impact of their investments and technical assistance activities. **Industry associations, technical specialists** and **standard-setting bodies** can likewise accelerate their impact. The WE Finance Code posits that only by activating multiple, reinforcing incentives, will sustainable, large-scale change occur.

## Key Operating Principals

The Code follows several design principals that are considered essential to drive success.

- 1) **Inclusivity:** Participation is open to all countries, FSPs and ecosystem partners and inviting of local approaches, within guardrails.
- 2) **Simplicity:** Data is required only on selected indicators to invite wide participation that will catalyze further action.
- 3) **Data Integrity:** Data processes will drive accuracy and comparability and ensure data protection. Existing data collection efforts and infrastructure will be leveraged to contribute to increased transparency and harmonization.
- 4) **Usefulness:** Data and learning from the Code will be collated, analyzed and shared to maximize utility for participants. (Institutional level data will be anonymized.)
- 5) **Continuous improvement:** Minimum requirements are set while advanced practices are encouraged over time.
- 6) **Public-Private Partnership:** The Code encourages public-private sector engagement and cooperation at country and global levels.

## Roles and Benefits to Participants

---

### Financial Service Providers | Code Signatories

Any institution providing financing to women entrepreneurs can become a signatory to the Code. This can include multiple banks (initial focus), funds, fintechs, microfinance institutions and others in any given market. Signatories endorsing the Code can expect to receive increased recognition and access to more transparent marketplace from the Code's partners. Signatories will commit to actions along the Code's three pillars.

- 1) **Leadership: Signatories appoint a senior member (preferably C-Suite) as a Champion of the FSP's efforts to support women entrepreneurs.** This will signal management's commitment to implementing Code activities.
- 2) **Data: Signatories commit to reporting the Code's indicators annually on a sex-disaggregated basis,** including MSME loans, customers, approval rate, NPLs, and deposits. Tracking more indicators would be encouraged to help build a business case on how to profitably serve WMSMEs and benchmark progress. *For details see Annex.*
- 3) **Actions: Each Signatory will commit to taking specific, time bound actions to support women entrepreneurs with financial or non-financial services.** These actions could include new instruments, research and analytics, new customer segment growth strategies, non-financial services or other interventions targeting WMSMEs.

Signatories will report on all three commitments annually for at least 5 years to a local agency, which in turn will report aggregate data for the global report. A global report will collate data and provide actionable information on progress, good practices and lessons learned. Countries would have the option to create national reports as well (*see Annex*).

### Country Codes

An essential feature of the Code are national coalitions to drive adoption and mainstreaming across national financial systems. These coalitions can build on other efforts, like financial inclusion task forces, that include regulators and other public entities and private sector champions committed to achieving the objectives of the Code. Each country Code would be designed based on a flexible framework that allows for adjustments to suit national conditions, while retaining some common characteristics, including:

1. Governance that creates accountability for local FSPs and oversees local implementation of the Code.
2. Designated coordinator to manage the local Code implementation.
3. A mechanism to aggregate FSP data in-country with integrity and in a format that will facilitate mainstreaming over time, which can be shared for global report aggregation. Countries will be encouraged but not required to issue country progress reports. (*see Annex for more on country Codes*)

The Code's country model will undergo a pilot phase in select high priority countries that are implementing foundational activities to facilitate the collection of sex-disaggregated data. The insights gained from the pilots will inform the refinement of the Code model and facilitate further country Codes.

### Financial Sector Ecosystem Partners | Code Partners

Ecosystem players participate in the Code through a declaration of intent that indicates the specific actions they will undertake to advance leadership, data and actions that will close financing gaps in line with the objectives of the Code.

- **Regulators, policymakers and standard setters** can establish reporting guidelines, facilitate data collection, encourage best practices, and promote harmonization and standards.
- **Industry Organizations and Technical Experts** can encourage members to sign up to the Code, provide technical advice and analytics, and foster learning and good practice.
- **Development finance institutions, Impact Investors and Donors** can provide capital and technical support to signatories, encourage clients/investees to participate in the Code, and support data aggregation and learning.

## Implementation of the WE Finance Code

---

### Governance

National entities will determine their own governance structures for their Codes. During the pilot phase, a high-level Advisory Council will champion and provide strategic advice on the structure, integrity and implementation of the Code, with representatives of pilot countries, We-Fi's IPs and the GC. The We-Fi Secretariat will work with the IPs to share good practices, ensure there is alignment on core design questions, and disseminate results and lessons of experience. It will also collaborate with the Financial Alliance for Women which will lead work on peer learning and OECD which will pilot the aggregation of country-level data.

### Code Promotion and Onboarding

Wherever possible, the Code will be promoted at the country level through participating network organizations, related convening events, or the efforts of national bodies. FSPs and other Code participants will submit signed letters of intent summarizing the actions they will take related to the Code, ensuring that the commitments, data definitions and reporting capabilities comply with the country Code.

### Reporting

After a grace period, participants will provide brief annual updates on their commitments, including all data required of Signatories, and any optional data. At the time of onboarding, individual Signatories will confirm reporting timelines and process, ensuring it leveraging existing reporting mechanism. Local specialized agencies (e.g. statistics department at the central bank) are expected to collect, check data quality and report the relevant Code indicators to the global report, with OECD test piloting the data aggregation role. FSP data will be anonymized in annual reporting unless otherwise agreed by the FSP.

### Learning

The Code presents a unique opportunity for innovation, analysis and learning. Participants are expected to conduct market research, produce data analytics, pilot new approaches, and evaluate the effectiveness of the Code efforts. Lessons learned from the pilot phase will be pivotal in demonstrating the efficacy of the different country models, showcasing results, and encouraging others to join the Code. Signatories could share insights through convenings, case studies, and contributions to the Code implementation roadmap. The annual reporting process will also provide a platform for cataloging and sharing learnings and synthesizing insights.

### Timeline

The Code pilot phase could be launched in the fall of 2023, with an initial cohort of participants. An inaugural report would be a year later, the first full Annual Report including the full complement of data would be issued the following year and for five years thereafter.

## Annex: Planning Phase of WE Finance Code

---

The idea of the WE Finance Code was seeded at the We-Fi Summit in Dubai February of 2019, at a meeting attended by We-Fi Implementing Partners, We-Fi donors, GPFI representatives, AFI, Financial Alliance for Women, IMF and others. The meeting explored models to systematically tackle finance and data gaps facing women entrepreneurs, including the UK's Investing in Women Code, efforts of several FSPs, regulators and business associations. During the pandemic, these ideas percolated, and in Spring 2022 efforts were renewed to map out a potential approach for a WE Finance Code, with the consultancy FSG coordinating inputs with support from the VISA Foundation.

The WE Finance Code has been developed collaboratively with finance leaders from the private and public sectors with coordination by the Women Entrepreneurs Finance Initiative (We-Fi), a collaborative partnership among 14 governments and six multilateral development bank groups that is housed at the World Bank. It draws on lessons from the UK Investing in Women Code and builds on other efforts to accelerate closing finance and data gaps affecting women entrepreneurs.

The WE Finance Code has drawn on the UK's [Investing in Women Code](#) a public-private partnership between the UK government, finance providers and trade associations. In 2019, UK Treasury commissioned Alison Rose, the CEO of NatWest Bank, to lead a [Review of Female Entrepreneurship](#) in the UK. The Rose Review highlighted that if women started and scaled new businesses at the same rate as men, up to £250 billion (7.5%) of new value could be added to the UK economy. One of several recommendations to realize this opportunity was to launch the Investing in Women Code. The UK Code challenges banks, venture capital funds and angel investors to take specific measures to support female entrepreneurs in the UK, including naming a champion and tracking and reporting their SME data on a sex-disaggregated basis. Since its launch, over 160 UK financial institutions, have voluntarily signed on to the Code. Data collected for the [Annual Report](#) is helping to understand the funding journey of women entrepreneurs in the UK. The government and financial intermediary Signatories are using these learnings to take action such as launching targeted funds, investment readiness programs and mentoring schemes for women-led businesses.

The planning phase for the WE Finance Code from April to October 2022 engaged a brain trust of leaders from the financial sector to advise on the Code's goals and design. Specific technical and strategic feedback on the design of the Code, key parameters and data reporting standards was provided through working groups. Further inputs were received through one-on-one consultations with experts from development finance institutions, regulators, financial service providers, industry associations and other potential participants. A [Workshop with the G20's Global Partnership for Financial Inclusion \(GPFI\)](#) was held in July 2022 to discuss the data & finance challenges and introduce the concept of the Code to stakeholders.

Consultations on the design of the Code were undertaken with World Bank, International Finance Corporation, International Monetary Fund, Asia Development Bank, Africa Development Bank, Inter-American Investment Corporation, European Bank for Reconstruction and Development, Organization for Economic Co-operation and Development, Visa Foundation, Melinda and Bill Gates Foundation, Financial Alliance for Women, 2X Collaborative, UK Department of Business, Energy & Industrial Strategy, UK Finance, MasterCard Center for Financial Inclusion, NatWest, Citibank, ABN Amro, Tyme Bank, Bank Al Etihad, BHD Leon, PayPal, Alliance for Financial Inclusion, Women's World Banking, CGAP.

## Annex: Indicators

---

### Scope of Data Collection | MSME Definition

The Code will collect data on micro, and small and medium-sized enterprises. The Code will be flexible, allowing financial institutions to use local definitions, in context of some guardrails. Accounts must have identifiable enterprise characteristics, such that financing for individuals and households that do not have clear enterprise characteristics will not be included in the core data collected. Informal firms and sole proprietors may be included so long as there is a clear way to distinguish them from consumer accounts. Data for micro enterprises and SMEs will be reported separately and large firms will not be tracked. The Code will not require full harmonization of definitions but will encourage adoption of national and international harmonized definitions (e.g., IFC, HIPSO). The definition used by the FSP will be disclosed with the data reporting and validated during onboarding.

### Sex-Disaggregation | Definition of Women-Led Enterprise

The Code will require all data to be disaggregated by women-led and other MSMEs. Women-led enterprises are firms that are either majority-owned by women (> 50% ownership) or effectively controlled by women. Effective control may be defined in different ways by the FSP, but generally will include some combination of ownership, management and governance. For example, the Code encourages defining effective control to include firms with a combination of some of the following criteria: significant (e.g., >30%) female ownership, a C-suite woman manager with signatory authority and a balanced (e.g., >30%) female board of directors. Definitions based on levels of female staff, or strong market linkages with women and women-led firms will not be part of the data collected for the Code. The definition used by the FSP will be disclosed and validated during onboarding.

### Required Indicators

Signatories are required to report on five core indicators that are most useful to (i) establish a baseline for lending to women entrepreneurs, (ii) track its growth over time, (iii) understand pipeline constraints, and (iv) build the business case.

- **NUMBER OF CUSTOMERS:** Number of unique MSME clients that the FSP has identified to have enterprise characteristics, at the end of the reporting period.
- **NUMBER OF OUTSTANDING LOANS:** Number of outstanding loans to MSME clients in the FSP's portfolio at the end of the reporting period.
- **VALUE OF OUTSTANDING LOANS:** Value of all loans disbursed to MSME clients that have not been fully repaid and have not been written off at the end of the reporting period.
- **NON-PERFORMING LOANS (%):** Total value of outstanding business loans disbursed to MSMEs on which payments have been delinquent for 90 days or more divided by total value of outstanding MSME loans, as of end of fiscal year.
- **LOAN APPROVAL RATES (%):** Total number and value of MSME loans approved divided by number and value of loan applications submitted by MSMEs, respectively, in a given fiscal year.

### Encouraged Indicators

Encouraged indicators seek to assess the quality of finance available to women-led MSMEs. FSPs and National Code Coalitions will be strongly encouraged to collect and report additional indicators to understand the lending conditions available to women-led businesses. These may shift over time or in different countries, but may include:

- **NUMBER AND VALUE OF NEW DISBURSED LOANS**
- **NUMBER AND VALUE OF DEPOSITORS**
- **NUMBER OF LOANS WITH COLLATERAL**
- **NUMBER AND VALUE OF SHORT-TERM LOANS OUTSTANDING (UNDER 1 YEAR)**
- **NUMBER OF FINANCIAL PRODUCTS (PER MSME CLIENT)**



## Annex: Data Aggregation & Reporting

---

### Reporting Channels

Data collection will flow through trusted authorities, such as industry and global associations, MDBs, investors, and national entities, such as a regulator or industry association, that have established data collection channels with data protection and data verification processes in place will serve as authorized aggregators. FSPs will agree to release their institutional level data to be included in the Global Report.

### Timeline

The Code provides a grace period of up to 18 months for financial service providers to categorize women-led businesses and make system upgrades to enable sex-disaggregated reporting for MSMEs. Annual data collection will be March - October with financial service providers reporting end of calendar year data. Data verification by authorized aggregators will occur during this period. Annual Reports are planned to be issued in December.

### Reporting tools

A template will be provided to report on the Code's commitments. Data points on the minimum indicators is required while additional indicators are optional but encouraged. Definitions for MSMEs and women-led enterprises will need to be disclosed. A template will be used to collect information on the Code's third commitment on actions to support women entrepreneurs. Sharing of case studies and insights from market level research are encouraged to promote good practices and lessons learned.

### Data protection

No customer level data will be collected. Institutional level data will be kept confidential, adhering to data privacy legal requirements. FSP data will be anonymized in annual reporting unless otherwise agreed by the FSP.

### Annual Report

A WE Finance Code Annual Report will track progress on sex-disaggregated data and increase in lending and funding of women entrepreneurs and share insights and case studies from good practices and measures taken by financial service providers and the broader ecosystem to help guide data-driven solutions. Analysis will assess performance of women-led businesses along the financing funnel and may include anonymous benchmarking and segmentation of institution and country level data to identify different growth paths. The aim is to incentivize signatories to benchmark themselves against their peers and feel incentivized to improve their practices further and encourage new signatories to join the Code. Country-level reports may also be produced for country Codes to showcase their progress on the country level and share local insights.

## Annex: Designing a National Code

---

**The Code encourages country-level efforts to implement the Code to create deeper engagement through national coalitions across the local financial sector ecosystem.** National coalitions may be built on existing efforts or new structures. They will foster large-scale adoption and help establish reinforcing incentives across national agencies, financial intermediaries and industry associations locally and garner support of development finance institutions to provide technical assistance and gender-specific funding to enable successful implementation.

The Code provides flexibility at the national level to take into consideration the local regulatory and business environment and customize the Code to local needs within the global framework's guardrails on definitions and minimum requirements in the three areas of commitment.

### Country-Level efforts have several strategic choices to make:

1. **Which Financial Intermediaries should be included?** MSME market share, level of digitalization, and level of engagement of different types of FIs in the local financial sector should be considered when prioritizing which FIs to focus on initially and how to expand over time.
2. **What data collection standards should be required?** Focusing on collecting sex-disaggregated data for a limited number of MSME indicators can facilitate uptake by FIs. However, building the business case would require more advanced data and analytics which can be collected through the Code or bespoke research efforts drawing on new availability of gender data.
3. **What MSME definitions should be used?** Financial intermediaries' own definitions -- if they fall within Code guidelines and are disclosed -- can suffice, but national definitions and definitions harmonized with global standards are preferable.
4. **What incentives can be provided to FI participants?** A range of incentives including recognition, knowledge sharing, technical assistance and access to gender-lens financing from local and global sources can encourage and enable adoption.
5. **Who should Champion a national Code?** A national Code should have public and private sector ownership based on a shared commitment to closing financing gaps for women entrepreneurs, including some level of engagement by the regulator. Private sector engagement is critical for successful implementation even if the Code is mandated as part of prudential reporting.
6. **What is the role of the Regulator?** Regulatory involvement/ownership signals long-term commitment to financial inclusion and encourages participation in the Code even if sex-disaggregated reporting of business finance is not a prudential requirement.
7. **Who should conduct data collection & analytics?** Leveraging existing data collection mechanisms by independent entities can build trust by FIs and encourage participation, while using regulatory channels may increase efficiency/sustainability.
8. **Who will coordinate the Code and issue the annual report (if produced)?** Central coordination and reporting can be done by industry associations or other independent entities or through government or regulator channels.

Where a country Code exists, financial institutions will be encouraged to sign up to them to join the WE Finance Code via their respective local chapters. Financial institutions that joined the global WE Finance Code would transition to the country Codes.