

WE-FI RESEARCH AGENDA

Vision

The Women Entrepreneurs Finance Initiative ([We-Fi](#)) aims to deepen knowledge and catalyze new evidence through data and research on select topics related to women’s entrepreneurship, with a particular focus on the “missing middle” - women-owned and led Small and Medium Enterprises (WSMEs). New evidence and knowledge in this area can improve the effectiveness of programs, products and policies designed to support WSMEs. By focusing on select, curated research topics We-Fi can maximize the application of resources, benefit from its network of partners, and effectively leverage relevant project and implementation experience.

Background

In June 2022, We-Fi published its [Evidence Paper](#), an extensive literature review to identify evidence on what works to support women entrepreneurs in developing countries, covering both the evidence of constraints and intervention effectiveness. In this review, several evidence gaps and possible research opportunities in the areas of access to finance, access to skills, access to markets, and the enabling environment were highlighted. Through the peer review process of the evidence paper, and internal and external consultations the list of possible research topics was narrowed down by assessing different criteria such as the potential impact for WSMEs, We-Fi’s project experience, We-Fi’s comparative advantage and Implementing Partner priorities. The curated research themes that were selected can be linked to the common objective described below.

Objective

We-Fi aims to better understand ***“what works in getting more and effective debt financing to women-owned and led SMEs (WSMEs), how it impacts their business growth, and how growth can lead to job creation and women’s empowerment”***.

Debt financing is at the heart of We-Fi’s activities, mostly linked to other complementary interventions in access to skills or access to markets to address intersecting challenges WSMEs are facing. On one hand, the research agenda focuses on better understanding gender gaps in entrepreneurship and specific constraints of WSMEs (e.g., collateral requirements to access debt financing), and on the other hand aims to explore what interventions, tools, and approaches (e.g., credit, loans, digital, blended finance) are effective in addressing these issues and drive WSMEs business outcomes as well as longer-term impacts like job creation and women’s empowerment. Constraints and intervention effectiveness might not be the same for all women entrepreneurs. Therefore, it’s fundamental to develop segmentation frameworks and segment-specific research to better understand what works for what types of women entrepreneurs and why. Lastly, assessing the cost-effectiveness of interventions helps identify scalable interventions and adds value for practitioners, governments, and funders determining where to direct their resources.

More rigorous studies (e.g., randomized controlled trials) that compare different interventions addressing similar constraints are needed, but also more qualitative and observational studies, assessments, and the generation of new datasets. Qualitative work can facilitate the development of innovative tools and approaches that can be tested through rigorous impact evaluations, while ethnographic research might add an understanding as to why outcomes vary among different types of entrepreneurs. The sufficient duration of studies and evaluation of interventions over longer periods of time should be encouraged to track long-term impacts.

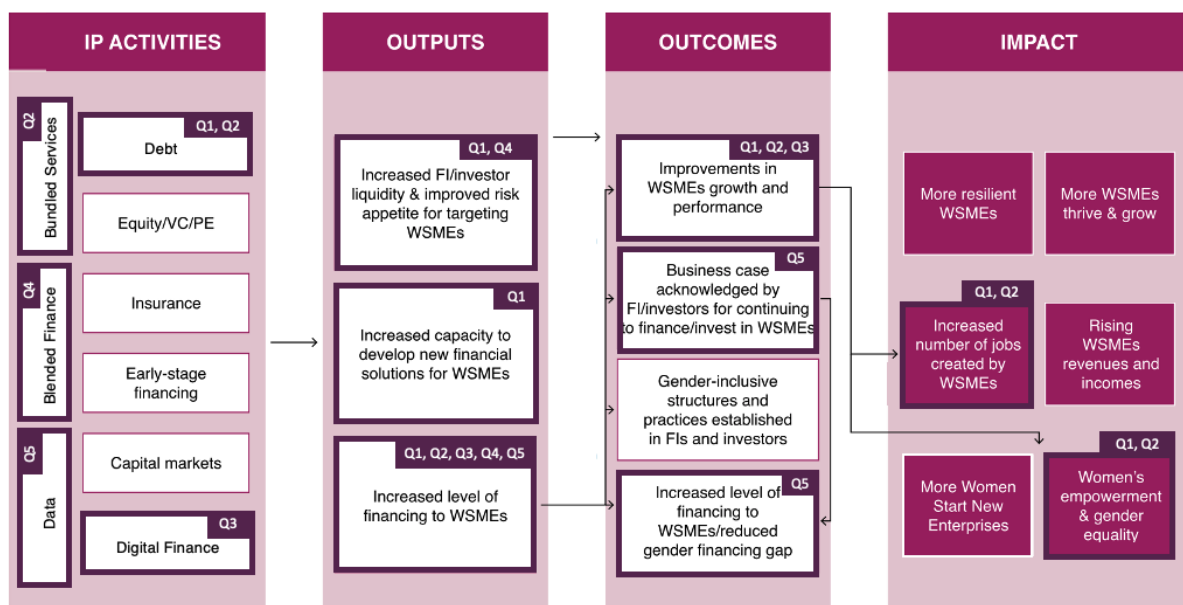
Priority Research Topics

The following elaborates on priority research topics in order to serve as a basis for discussion and framework to engage with We-Fi implementing partners, knowledge partners and other ecosystem players to collaboratively refine the research agenda, the critical questions, and to ultimately catalyze relevant and complementary research efforts.

Building on the objective of this research agenda, the following questions were identified as the main themes of research, which are explained in more detail below:

- What works in getting more and effective **debt financing** to WSMEs and how does it impact firm performance¹, job creation², and women’s empowerment³?
- To what extent are and/or how can **bundled services** effectively increase WSMEs’ firm performance and promote job creation and women’s empowerment in the long-term?
- To what extent is and/or how can **digital finance** effectively channel credit to women entrepreneurs and improve their access to more capital?
- To what extent is or/does the use of **blended finance** enable financial intermediaries to deliver more financing on better and/or equal terms to WSMEs and how sustainable are these mechanisms?
- To what extent is or/does the collection and application of **sex-disaggregated data** by financial intermediaries, governments, corporates, and other stakeholders promote systemic change? And what key impact questions can be answered based on existing data sets?

This graphic highlights priority research topics relative to We-Fi’s Theory of Change and links them to the respective questions:



¹ “Firm performance” can include sales, revenues, and profits.

² “Job creation” can include the quantity of new jobs created as well as the job quality (e.g., what types of WSMEs create high-quality jobs and for whom).

³ “Women’s empowerment” can be defined as improved livelihoods for women, better control over assets, and increased decision-making power at home.

Q1) What works in getting more and effective debt financing to WSMEs and how does it impact firm performance and growth, job creation, and women’s empowerment?

Relevance: Most of the available evidence in A2F is focused on micro-credit and thus micro-enterprises. More research is needed to understand whether the findings from micro-loans are applicable also to the SME-segment, as some of the discussions around micro-entrepreneurship might not apply to SMEs which may need different kinds of attention and support in some areas due to other needs and growth dynamics. This is especially true for the missing middle, where access to credit, loans, supply chain financing etc. is fundamental and more research is needed to assess if and how debt financing (in comparison to alternative forms of financing) increases the business growth of WSMEs, in which contexts (e.g., region, rural or urban setting) and for what types and segments of WSMEs (e.g., growth stage, size, business sector, (in)formality etc.). Moreover, evidence shows that women’s ability to access loans is often hindered by collateral requirements and gender stereotypes in lending practices. More studies are needed exploring context-specific constraints in accessing debt financing and how to overcome these.

Goal: To explore how debt financing incl. innovative design features of loans and alternative lending models can help WSMEs access financing, increase business growth, access more financing, and promote job creation and women’s empowerment in the long-term.

Possible research questions:

- How can the *gender-specific design of financial products* incl. innovative features of loans and *alternative lending models* (e.g., cashflow-based lending, asset-based lending psychometrics etc.) replace collateral requirements and enable more WSMEs access (higher) loans, grow their businesses, repay and/or access more financing?
- How can financial intermediaries adapt the way they operate and understand their customers to develop better financial products and services for WSMEs?
- How does gender discrimination impact WSMEs’ access to loans and how can *gender biases* in lending practices be reduced?
- What is the impact of *large-scale policy changes* on women’s access to debt financing (e.g., gender sensitive investment climate policies, childcare reforms, national deposit insurance or other risk mitigation tools)?
- How do different loan products impact *business outcomes* for different types/segments of WSMEs in different contexts? What are longer-term impacts on job creation and women’s empowerment?
- How do women entrepreneurs spend their incomes and business profits? Where does the money go and how is it allocated? How can different behaviors be linked to business resilience?
- How effective is debt financing compared to other financing options?

For more information on the literature review and evidence gaps which informed this approach see section 3.2 (p.26-31) and 3.3 (p.39) of [We-Fi’s Evidence Paper](#).

Q2) To what extent are and/or how can bundled services effectively increase WSMEs’ firm performance and growth and promote job creation and women’s empowerment in the long-term?

Relevance: Many development institutions as well as more and more financial institutions combine loans with non-financial services such as business training, mentoring services, networking activities etc. Initial studies indicate that bundling capital and training is more effective in increasing WSMEs business growth than stand-alone interventions. However, more research is needed on how to best

bundle financing with other interventions like skills trainings, networking activities or access to markets interventions, considering as well as their cost-effectiveness. While some combinations might be effective for some types of entrepreneurs, other bundles might be more effective for others.

Goal: To explore which bundles (e.g., financing + specialized training, financing + networking activities, financing + market access interventions; or combinations thereof) are most effective in increasing WSMEs business growth and in promoting job creation and women's empowerment in the long-term.

Possible research questions:

- What constraints faced by WSMEs need to be addressed together to affect business outcomes?
- How can loans (and other debt financing instruments) be bundled with access to skills and access to markets solutions to effectively increase WSMEs' firm performance and lead to improved job creation and women's empowerment in the long-term?
- Is offering loans in combination with socio-emotional training / mentoring / coaching / consulting / networking activities and/or access to market solutions more effective in increasing WSME growth than capital support alone? For which types/segments of entrepreneurs in which sectors and contexts?
- Is it more effective to deliver non-financial services before or after access to finance interventions?
- How can these interventions be scaled cost-effectively?
- How can non-financial services enable access to loans (through networks, new markets etc.)?

For more information on the literature review and evidence gaps which informed this approach see section 4.2 (p.49-55), 3.3 (p.40) and 4.3 (p.58-59) of [We-Fi's Evidence Paper](#).

Q3) To what extent is and/or how can digital finance effectively channel debt financing to WSMEs and improve their business outcomes and access to more capital?

Relevance: Besides traditional brick and mortar bank branches, digital platforms can play a crucial role in delivering credit and loans to women entrepreneurs, including the most disadvantaged WSMEs. The delivery of loans through digital means may present a tremendous opportunity for WSMEs to access loans, as gender constraints such as mobility barriers can be overcome. Emerging evidence, which is largely focused on mobile money and Sub-Saharan Africa, suggests that digital finance can not only improve WSMEs access to credit, but also to lead to women's empowerment through better control over assets and increased decision-making power at home. At the same time, gender gaps on connectivity, digital skills, and trust to share data persist and could prevent WSMEs from benefiting from these opportunities or even put them at risk. For example, digital loans may come with issues of cybersecurity or risks of entering into debt spirals due to automated decision-making, low financial literacy and often opaque loan terms.

Goal: To explore if and how digital delivery channels can overcome gender constraints and improve the access and use of debt financing for WSMEs.

Possible research questions:

- How can digital delivery channels increase access and use of loan products, for which types/segments of WSMEs and in which sectors and contexts?

- How can digital finance (incl. digital banking) improve access to supplier and distributor credit (e.g., digital warehouse financing) and enable WSMEs to access regional and international value chains?
- How can digital finance lead to higher business investment and higher demand for credit?
- Does digital finance pose any new constraints on WSMEs? For which types/segments of entrepreneurs? What are the barriers and risks that could hinder WSMEs to use digital finance, and what are effective strategies to overcome them?
- How can obstacles of low trust to share digital data be overcome? How can trust to share digital data be increased?

For more information on the literature review and evidence gaps which informed this approach see section 3.2 (p.38-31) and 3.3 (p.39) of [We-Fi's Evidence Paper](#).

Q4) To what extent is or/does the use of blended finance enable financial intermediaries to deliver more financing on better and/or equal terms to WSMEs and how sustainable are these mechanisms?

Relevance: Blended finance can play a crucial role when it comes to incentivizing financial intermediaries (incl. banks, funds etc.) to issue more financing to WSMEs. However, there is a lack of studies to assess outcomes and impacts of blended finance mechanisms (e.g., performance-based incentives, credit guarantees) to sustainably change the behavior of financial intermediaries. It is fundamental to better understand how blended finance mechanisms can promote systemic change and sustainable capital flows going to WSMEs beyond the lifetime of incentive structures by demonstrating financial intermediaries the positive business case of financing WSMEs.

Goal: To explore what short-term vs. long-term effects blended finance mechanisms (e.g., performance-based incentives, credit guarantees) have on financial intermediaries and how this impacts WSMEs' access to finance. The primary focus of this topic is on quantitative research.

Possible research questions:

- How and to what extent do blended finance mechanisms help financial intermediaries reach WSMEs that would not have otherwise had the same type of opportunity to access finance? What are the channels through which this happens?
- What works well in structuring performance-based incentives?
- How strong (quantifiable impact) is the catalytic effect for different types of financial intermediaries (e.g., banks, fintechs)?
- What factors determine whether performance-based incentives, guarantees, or other blended finance instruments have a sustainable effect on financial intermediaries and why? What narratives and incentive structures enable financial intermediaries to change their behavior and increase lending to WSMEs in the long-term?
- How can financial intermediaries maintain their support for WSMEs amidst an increasing challenging macro-economic climate?
- How is WSMEs' performance affected when receiving financing from financial intermediaries who apply blended finance instruments? Does it change for different types/segments of WSMEs?

For more information on the literature review and evidence gaps which informed this approach see section 3.2 (p.38) and 3.3 (p.40) of [We-Fi's Evidence Paper](#).

Q5) To what extent is or/does the collection and application of sex-disaggregated data by financial intermediaries, governments, corporates, and other stakeholders promote systemic change? And what key impact questions can be answered based on existing data sets?

Relevance: The collection and use of sex-disaggregated data is key to unleash financing for women entrepreneurs. Since most financial intermediaries and governments are not already in the habit of collecting sex-disaggregated data on financing for SMEs, it has been difficult to track and understand their gender outcomes, i.e., access to loans for WSMEs. Moreover, sex-disaggregated data will inevitably need to be part of research efforts exploring what works in getting more and effective debt financing to WSMEs and how this impacts WSMEs. Future studies could be widened to apply a systematic approach to sex-disaggregated data and derive insights on what is needed to increase the availability and use of sex-disaggregated data. More and better data will also help create more detailed segmentation frameworks for targeted research to better understand what works for whom and why.

Goal: To explore how financial intermediaries (e.g., banks and fintechs) can be incentivized (e.g., through leveraging public resources and incentives) to collect sex-disaggregated data and use this data to inform their business. As well as to carry out research on existing data sets to answer WSME key impact / macroeconomic questions (related to job growth, productivity, GDP contribution etc.). The primary focus of this topic is on quantitative research.

Possible research questions:

- How do the financial, regulatory, technical, organizational, and behavioral barriers to adoption of sex-disaggregated data interact or counteract each other?
- What are the challenges for countries to adopt a standard definition of “women-led or owned enterprise” at the national/sub-national regulatory level and produce sex-disaggregated data on financing for SMEs in their national statistics system?
- How can governments/ regulators be supported to address these challenges and incentivize financial intermediaries and corporates to disaggregate data by sex?
- What are some of the factors that determine whether a financial intermediary is able to effectively use the sex-disaggregated data it collects?
- What is the relative effectiveness of large-scale organizational change versus a technological “quick fix” for enabling the collection and use of sex-disaggregated data?
- Does data collection and dissemination result in increased lending going to WSMEs?
- How can alternative data be utilized to enable lending (e.g., supplier performance to enable pre-shipment financing)?
- How can more detailed segmentation frameworks be developed by leveraging WSME data?
- Based on existing data, can key WSME impact questions be answered or further refined (e.g., WSME contribution to GDP, WSME impact on jobs / creating jobs for women, WSME productivity gap, WSME post-crisis financing gap etc.)?

For more information on the literature review and evidence gaps which informed this approach see section 6.1 (p.78) of [We-Fi’s Evidence Paper](#).

Collaborative Approach

In order to refine and act on this research agenda and generate impactful insights a *collaborative approach is necessary* working with Implementing Partners, knowledge partners, and researchers to:

- Focus on priority research topics to maximize the efficient use of resources and generate insightful findings.

- Categorize and prioritize research questions (e.g., along timeline) and outline how questions will be answered (e.g., study design, timelines etc.).
- Further define research questions, as needed, set guidelines for different types of studies (e.g., sample size, randomized treatment for RCTs, rapid assessments, clear methodological design, and representative samples for qualitative studies etc.) and understand expected results.
- Identify and target common clients among IPs (not just We-Fi clients, but clients that benefitted e.g., from performance-based incentives) willing to share data and collaborate on studies.
- Push forward a critical mass of research around those topics to create and co-create new evidence through partnerships and collaborations.
- Incorporate both knowledge findings and objectives into future We-Fi calls.
- Encourage partners to use evidence and promote the scale-up of promising solutions by conducting additional research to test effective solutions in different geographical or institutional contexts, and at a larger scale (path-to-scale research).

We-Fi welcomes inputs and guidance to further refine this research agenda and to develop partnerships to enable the critical mass of research needed to generate insights which can be applied by policy makers and practitioners to support women entrepreneurs more effectively. Please contact Farid Tadros (ftadros@worldbank.org) and Felicia Siegrist (fsiegrist@worldbank.org) for more information.