

DFI INSIGHTS



GETTING STARTED ON FINANCING WOMEN ENTREPRENEURS AND CREATING AN INCLUSIVE WORK ENVIRONMENT

THE BASICS

Many Development Finance Institutions (DFIs) put in place **strategic approaches and technical and institutional processes to achieve gender equality**. This means that the institution's policies, operations and services make sure that women and men have the same rights and opportunities, for instance ensuring that women entrepreneurs have access to finance and that women and men employees are treated equally. Gender finance refers to the integration of measures for gender equality into funding and financing decisions to improve social and business outcomes.

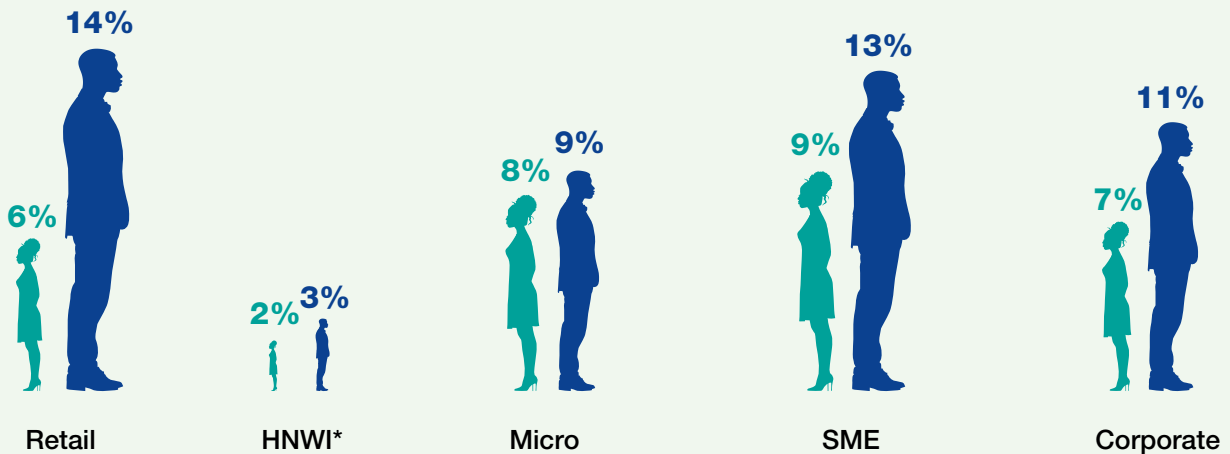
WHY IS GENDER EQUALITY IMPORTANT FOR DFIs?

Women entrepreneurs are still a largely untapped segment for financial institutions: there is a consistent finance gap between what women businesses need to grow and what is currently disbursed to women. According to the [International Finance Corporation](#) (IFC), in 2017 the gap between the financing required by women-owned SMEs and the financing received amounted to more than USD 1.2 trillion in East Asia and the Pacific, to USD 42 billion in Sub-Saharan Africa and to USD 22 billion in Latin America and the Caribbean.

This is due to the barriers that women face when doing business: on the one hand, laws can limit ownership: in some countries, for example, women are not allowed to inherit land, which is one of the main sources of collateral. On the other hand, social norms may influence women’s business activities, for example by limiting the time they can dedicate to their job because of daily household activities (cleaning, cooking, caring for family members, etc.), and by determining their (financial) education opportunities as well as the types of businesses they engage in (e.g. microbusinesses with limited profits).

However, women enterprises have a great potential: data from the [Financial Alliance for Women 2021 Annual Report](#), based on reports from 43 Financial Service Providers across 31 countries, shows that women tend to pay back loans at a higher rate than men.

REPORTED NPL RATES BY SEGMENT IN THE 43 FINANCIAL SERVICE PROVIDERS OF THE FINANCIAL ALLIANCE FOR WOMEN IN 2021



Gender finance can help DFIs in attracting more women’s businesses and developing products and services adapted to women’s needs and aspirations (for example, in terms of collateral), eventually increasing profits for the institution while simultaneously contributing to development targets.

Moreover, women employees are frequently overlooked in the banking sector, where they are often underrepresented and underpaid compared to their male counterparts in similar roles, and less likely to hold management positions. A homogeneous (e.g. men-dominated) workforce can stifle creativity, whereas **a diverse, inclusive environment enhances productivity and enables the institution to better serve client segments that may prefer working with a more diverse staff.**

* High Net Worth Individual



IMPLEMENTING

GENDER EQUALITY IN YOUR DFI

Implementing gender equality is a long-term process that requires time and commitment. Senior management support is crucial to push for change and to mobilise the resources needed. All departments should be involved and a cross-departmental taskforce can be highly beneficial in achieving this aim.

When making your institution more inclusive, you should consider:

- **Internal operations:** how your DFI supports gender equality through HR-related activities like recruiting and talent management to foster a gender-inclusive working environment.
- **External operations:** how your DFI attracts women entrepreneurs and offers a customer experience, as well as products and services, adapted to their needs and aspirations.

There are many ways to implement gender equality: **your institution should find its own approach in line with your mission, vision, capacities, and resources.** The first step to make your DFI more inclusive is usually an institutional **gender assessment** to understand your DFI's current capacities for gender inclusion, and identify gaps and opportunities. This assessment will guide decisions regarding which areas of intervention to prioritise and which activities to implement for gender inclusion. To do so, your institution should analyse both quantitative and qualitative data:

- **Quantitative, sex-disaggregated data:** gather all the metrics connected to gender inclusion in your institution (e.g. for the operational side, the portfolio share of women entrepreneurs compared to men entrepreneurs or, for the internal side, the number of women in leadership positions).
- **Qualitative data:** research all current or past activities, existing policies and practices and evaluate their impact on gender inclusion (e.g. for the operational side, does your DFI offer a women's product? Are women entrepreneurs satisfied with it? For the internal side, does your DFI offer flexible working hours to facilitate staff's childcare responsibilities? What is the impact of these measures on productivity and absenteeism?).

Some information might be easier to gather, especially if your DFI already collects the data. Your DFI should compare sex-disaggregated results and look for significant differences between indicators for women and men to identify areas of inequality and compare this information to industry averages or international standards. Unavailable information gives your DFI an indication of which data you might want to start tracking. More research into the reasons behind the gaps, barriers and inequities might be needed at this stage. Definitely involve your monitoring and evaluation (M&E) team, as well as your IT department. If you do not have a gender specialist in your DFI, consider getting external gender expertise onboard for this exercise and engage in a dialogue internally on how this topic can be covered in the future.

Based on the results of the gender assessment, the resources available and organisational objectives, your DFI can develop a gender strategy:

- Choose the areas that are most urgent to address and have the potential to provide a high positive impact on gender inclusion.
- Set concrete objectives to achieve.
- Define the actions to be undertaken to achieve these objectives and their timeframe.
- Clarify responsibilities and M&E.

It is crucial to establish an M&E system at the very beginning of your DFI's gender inclusion journey. This will allow your institution to understand its starting point on gender inclusion and build the case for gender finance; then, it will be able to assess its progress and whether measures are working as expected. An M&E system helps identify challenges and take informed decisions to resolve them. Most international funding sources also require a M&E system for DFIs to access funding.

M&E can be challenging: some DFIs lack the processes, tools, IT systems, or resources to put them in place. **Even if your DFI does not have the resources for a full-fledged system, strive to have:**

- **A clear definition of women-led businesses.** This can help avoid inaccuracies in data collection. Your DFI can either adopt the definition used by your central bank or Ministry of Economy/SME, one used by most institutions in your region, or define one that is adapted to your own processes.
- **High quality data.** Your DFI can adapt documents (e.g. credit applications) to allow for the new data collection and onboard staff to align expectation on what, when and how to collect the information.
- **Clear roles and responsibilities** for data collection and analysis and defined action plans in case the M&E highlights errors or unexpected results.
- **Regular updates to senior management.** Regular information flow will be key to make sure that management is always up to date with your progress on gender inclusion, and that the information gathered by the M&E system can guide management decisions.

GENDER EQUALITY IN INTERNAL OPERATIONS

On the internal side, there are 5 main types of discrimination women can experience:

- 1. Distorted horizontal representation:** women tend to be underrepresented in some departments, like strategy and IT, and overrepresented in others, like HR.
- 2. Vertical segregation:** women tend to occupy less senior and executive positions than men.
- 3. Gender pay gap:** women tend to be paid less than men for the same position and level of expertise.
- 4. Workplace harassment:** women tend to experience unwanted attention at work more often than men colleagues.
- 5. Lack of flexible work arrangements:** though this affects both men and women with families, it is usually more impactful on women, as they tend to be in charge of a greater proportion of household chores.

These types of discrimination are rooted in gender biases, preconceptions about what women and men are supposed to think or do. For example, women are often assumed to be more sensitive, or more focused on childcare, and therefore less able to cope with stress or unable to dedicate sufficient time to work. These biases might make senior management less open to offering certain positions to women. Biases are often unconscious, and staff at your DFI may not even realise the impact of these assumptions.

Several measures (policies, practices, procedures) can be adopted to raise awareness and avoid biased decision-making:

- **On the strategy level**, revise your DFI's policies to ensure that they promote gender inclusion.
- **On the management level**, raise awareness among managers and set specific KPIs for gender inclusion in all teams.
- **In human resources**, revise recruitment processes to ensure that a gender balanced number of women and men are interviewed, or establish policies to ensure the same level of compensation for the same level of experience.

Accountability and inclusion of both men and women is key to ensure everybody is on board and gender inclusion measures are perceived as fair.

GENDER EQUALITY IN EXTERNAL OPERATIONS

When addressing gender inclusion on the external side, it is again good to start by assessing the current situation. The analysis should take place in two phases:

1. **Analyse sex-disaggregated portfolio data** to understand the number and types of products by sex, sectors, loan types and sizes, NPLs/arrears, secured vs. unsecured loans, collateral types, loan applications, acceptances, and rejections, call centre contacts, and customer complaints, etc. Deposit-taking institutions can also analyse deposit products, balances, transaction behaviour, active vs. inactive accounts, and the use of digital channels. **This will allow your DFI to understand differences in product uptake and use**, as well as average and median loan sizes by product type and sector and help **identify and prioritise the segment(s)** in your DFI's portfolio that you wish to reach in greater numbers or deepen the DFI's relationship with (e.g. women-led SMEs, corporate clients, a specific agricultural value chain...).
2. **Conduct customer surveys and desk research on the target segment of your DFI:** your DFI can analyse and interview clients from the targeted segments to understand "why" clients do what they do, how they would like to run their business and what they need for that.

Through this assessment, your DFI can compare the current offer of products and services with the findings and identify possible mismatches. Your DFI can then decide to:

- **Modify your financial offer.** For example, terms and conditions can be adapted to include movable assets as collateral, create specific products and services targeting women entrepreneurs in a certain sector or introduce digital services to address time and mobility constraints. If your institution on-lends to other financial institutions, you can encourage your partners to serve more women by setting specific targets or requirements associated with the funding you provide.
- **Develop non-financial services.** Some common measures include delivering information in local languages, organising networking events or capacity building for women entrepreneurs and staff trainings to increase awareness on gender inclusion and improve customer experience. Front-line staff can play a critical role in building a relationship with potential clients who may not be familiar with formal financial services.
- **Introduce and/or streamline gender-inclusive communication.** This avoids reinforcing gender stereotypes and discrimination and instead works to normalise equitable treatment of women and men by using carefully chosen images and language. Pay attention to your communication channels as well: make sure to use both traditional and digital means to reach your target segment.



KEY QUESTIONS AND IMPLEMENTATION STRATEGIES

■ **How does gender inclusion fit into our DFI's mission and vision?**

This is important to communicate effectively and onboard all staff in this effort.

■ **Do we have senior management support for gender equality?**

This is crucial to push for change and mobilise the necessary resources.

■ **Are all departments involved in this process?**

A cross-departmental taskforce can be highly beneficial to ensure comprehensive implementation.

■ **What is our current state in terms of gender inclusion?**

An initial assessment should be conducted to understand where the institution stands.

■ **What are the most urgent areas for improvement?**

Which areas provide a high positive impact to gender inclusion? This should be a key consideration when developing the gender strategy.

■ **What data do we need to start tracking to assess our progress on gender inclusion? How frequently?**

Who is taking care of tracking and analysing the data?

This is important to put in place a sound M&E system.

■ **What is our definition of women-led businesses?**

This is key for correct data gathering and for product design.

■ **Are our internal policies promoting gender inclusion?**

This involves revising existing policies to ensure they do not perpetuate gender biases or discrimination.

■ **Have we raised awareness about potential gender bias among our staff, especially managers?**

This includes setting specific KPIs for gender inclusion in all teams.

■ **Have we ensured accountability and inclusion of both men and women in our gender equality efforts?**

This is key to ensure everybody is onboard and measures are perceived as fair.

DEEP DIVE: CEDA'S JOURNEY TOWARDS GENDER EQUALITY

The DFI:

The Citizen Entrepreneurial Development Agency (CEDA) was established in 2001 in Botswana. It follows a holistic approach and, apart from funding new and existing ventures via direct lending, it offers training, mentoring, and business advisory services. CEDA focuses on the economic empowerment of women, youth, and people with disabilities, also in rural areas. To achieve this, the bank pursues job creation, improving access to credit and prioritising these segments in procurement. CEDA began its gender finance journey in 2002.

Gender equality at CEDA

To promote gender equality through access to finance, CEDA has introduced:

- Flexible security requirements
- Project assessment procedures that put development impact first
- Communication measures to raise awareness and appeal to women
- Mentoring and skill development opportunities

Results:

From April 2002 to December 2023, CEDA has disbursed BWP 1, 8 billion (USD 135.1 million) to 13,282 women owned enterprises. Through this, 20,981 jobs were created. The ratio of women to men clients has increased over time, from a minority of women clients to 70% today. Women are applying for and receiving larger loans than in the past, owing to CEDA's flexible collateral requirements for women (collateral is required for loans larger than BWP 300,000.00 (USD 21,813.00)).

FURTHER READINGS

- [The UN Women Training Centre's Glossary](#), also available in [Spanish](#) and [French](#) (UN Women)
- [MSME Finance Gap Report](#) (IFC, 2017)
- [Beyond Access: Gender-Transformative Financial Inclusion in Agriculture and Entrepreneurship](#) in Annual Trends and Outlook Report (ReSAKSS, 2019)
- [Catalyst at Large. Gender Lens Investing Landscape](#) (Sasakawa Peace Foundation, 2020)
- [Global Wage Report](#) (ILO, 2022)
- [Gender pay gap interactive page](#) (ILO, 2018)
- [Intellectap. The Global Landscape of Gender Lens Investing](#) (IDRC, 2019)
- [Public development banks driving gender equality](#) (AfD and UN Women, 2021)
- [Trends in Gender Finance in ACP Development Finance Institutions](#) (ICR Facility, 2022)
- [Check your bias! A field guide for lenders](#) (Mirpourian et al. for Women's World Banking, 2022)
- [Advancing more women leaders in financial services: A global report](#) (Deloitte, 2022)
- [Manager Guide to Gender Diversity](#) (GIZ and Econowin, 2015)
- [Non-Financial Services - The Key to Unlocking the Growth Potential of Women-led SMEs for Banks](#) (IFC and FMO, 2020)
- [Private Equity and Value Creation: A Fund Manager's Guide to Gender-smart Investing](#) (CDC and IFC, 2020)
- [Strengthening Access to Finance for Women-Owned SMEs in Developing Countries](#) (IFC, 2011)
- [Using Digital Solutions to Address Barriers to Female Entrepreneurship](#) (World Bank)
- [Webinar on the trends in gender finance in DFIs in the African region](#) includes a panel discussion with experts from CEDA Botswana, the Development Bank of Nigeria and the Development Bank of Southern Africa (ICR, 2022)
- [Webinar on trends in the Caribbean and Pacific region](#) featuring experts from the Federated States of Micronesia Development Bank and the Caribbean Development Bank (ICR, 2022)
- [Gender Mainstreaming in Development Finance Institutions](#), also available [in French](#) (ICR Facility, 2023).

July, 2024

To access more DFI Insights, visit our [Knowledge Hub](#).

This paper is part of an intervention conducted by the Investment Climate Reform (ICR) Facility. The ICR Facility is co-funded by the European Union (EU), the Organisation of African, Caribbean and Pacific States (OACPS) under the 11th European Development Fund (EDF), the German Federal Ministry for Economic Cooperation and Development (BMZ) and the British Council. The ICR Facility is implemented by GIZ, the British Council, Expertise France, and SNV. This specific intervention is led by IPC GmbH on behalf of GIZ.

The contents of this publication are the sole responsibility of the author and do not necessarily reflect the views of the donors or the implementing partners.

The ICR Facility supports public and private stakeholders in African, Caribbean and Pacific (ACP) countries in creating a more conducive, sustainable and inclusive business environment and investment climate.

ANY QUESTIONS? Contact us



Rue du Trône 108
1050 Brussels
Belgium



Get in touch
info@icr-facility.eu
[in /icr-facility](https://www.linkedin.com/company/icr-facility)



Visit us online
ICR Facility
www.icr-facility.eu