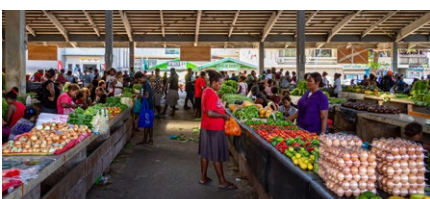
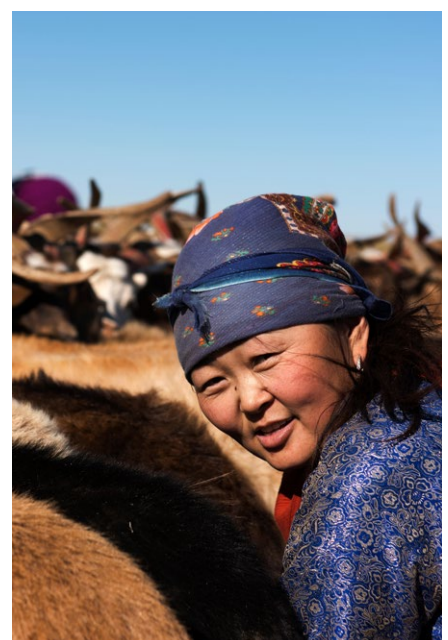


POLICY CATALOGUE: WOMEN-LED MSME ACCESS TO FINANCING



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INTRODUCTION

The role of Micro, Small and Medium Enterprises (MSMEs) is universally recognized as a major driver for economic development and GDP growth, employment creation and innovation, especially in developing and emerging countries. Access to finance remains a key constraint to the development and growth of MSMEs globally and is always cited among the main challenges.

Women-owned/led MSMEs (WSMEs) account for approximately a third of MSMEs globally though, they face additional challenges compared to men-owned enterprises, which include discriminating legal environments, unwritten social and cultural norms, lack of awareness about legal rights, economic, and training opportunities, in addition to access to adequate sources of financing.

Governments and financial regulators stand to play a fundamental role to create an enabling environment and enact gender-related policies that can help bridge the gap.

Since women's economic empowerment and equality have gained a prominent position in international development, also thanks to the 2020 Agenda for Sustainable Development and, particularly "SDG 5: Gender Equality", many developing countries have placed women at the forefront of their policy agenda, both in terms of legal and social environment as well as with regards to financial regulation.

The Policy Catalogue on Women-Owned/Led MSMEs Access to Finance is an anthology of case studies compiled by the SME Finance Working Group (SMEFWG) within the Alliance for Financial Inclusion (AFI) to provide an overview of policies and initiatives developed and enacted in a selected group of countries to facilitate and develop access to finance for women-owned/led MSMEs. The objective is to create an inventory that can be shared among AFI members and serve as a platform for knowledge exchange and peer learning, thereby providing an understanding of new developments and evolution in such a relevant policy area and stimulating the development of similar initiatives in other countries.

The study was conducted in a group of 10 countries selected in collaboration with the SMEFWG to give a

representation of different geographical areas, political situation, demographic structure, territory, economy and GDP composition, stage of development, and MSME sector size and characteristics.

The methodology adopted is based on an extensive review of secondary information complemented by questionnaires and key informant interviews with financial regulators in the selected countries (see annexed table 4). The objective was to identify policies and measures enacted within the financial sector by regulators and supervisory agencies but also policies implemented by other government institutions as well as initiatives within the private sector or the civil society that have a direct or indirect impact on access to finance from women-owned/led MSMEs.

The catalogue has been structured in three sections. The first section provides an overview on the role of women-owned/led MSMEs and the demand- and supply-side barriers that constrain their access to finance as well as on the definition of MSMEs taking into account international standards and the definition adopted by the different countries selected for the catalogue. The second section gives a summary of the policies and initiatives identified in each country which are then developed in the latter part of the document which provides a detailed description of each country.

For the summary list of policies in the second section, we have opted to present it using the policy recommendation identified and presented in the document "A Policy Framework for Women-led MSME Access to Finance" published by AFI in January 2021. The report presents policy recommendations that regulators can adopt to facilitate women-owned/led MSMEs access to finance structured around six pillars. The policies in AFI's report are related to financial regulation whereas, in this catalogue, we highlight different initiatives which may be outside the scope of the financial regulator.

The policies and initiatives identified and presented in the document are by no means an exhaustive and complete list. The rationale of the report is to showcase how countries have identified and assimilated the issues around gender equality and women empowerment and how they promote and facilitate access to finance for women and women-owned/led MSMEs. We believe that knowledge sharing and peer learning are remarkable tools available allowing AFI members to better assess the pace of reform in their country, compare against peer, share lessons learnt and provide a stimulus towards action and response to identified needs.

GENERAL OVERVIEW: MSMEs AND WOMEN ACCESS TO FINANCE

Micro, Small and Medium Enterprises (MSMEs) are universally recognized as a major driver for economic development and growth, employment and innovation, accounting for 90 percent of businesses and 50 percent of employment worldwide.¹

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With an estimated 162 million formal MSMEs in developing countries, they contribute to up to 40 percent of GDP², a figure that is even higher when taking into account informal activities. Women-owned/led MSMEs (WSMEs) only account for 28 percent of businesses since they are generally constrained by external factors and are thus smaller and employ fewer workers.³

Access to finance remains a key constraint for MSMEs globally and is always cited among the main challenges for business growth and development. Based on a study conducted by IFC and WBG in 2017, the potential demand for MSME finance is estimated at USD 8.9 trillion compared with the current credit supply of USD 3.7 trillion. WSMEs represent 32 percent of the total finance gap (IFC, 2017).

In spite of their role in the economy, WSMEs face a number of additional challenges to start and develop a business compared to their male counterparts, including discriminating legal environments, unwritten social and cultural norms, lack of awareness about legal rights, economic, and training opportunities, in addition to access to adequate sources of financing to meet their specific needs.

Numerous studies have consistently shown the risk of credit officers' discriminating bias against women, and effective outcome-driven policies that facilitate access to credit for women-owned/led enterprises require a clear understanding of the causes behind (self-) exclusion.

In this context, it is important to distinguish between demand- and supply-side barriers. The first refer to the financial and non-financial characteristics of women and their enterprises that make financial institutions less willing to provide products and services to women or that lead women to self-ration. They include less opportunities to gain the necessary financial literacy skills and knowledge of financial products; higher risk-awareness arising from the double burden of women's dual role in the household and at work; less (or lack of) ownership of land and property to put up as collateral; or less opportunity to gain higher levels of business experience and skills. In addition, women-owned businesses are often smaller, and more growth constrained. Barriers also arise from social and cultural norms that discriminate against women, limiting their participation in economic activities, including a lack of birth certificates and identity papers⁴, lower access to education, limited access to transportation and a bias of responsibility related to unpaid domestic tasks/responsibilities, i.e. care of children and elders, household chores, among others.

On the other hand, supply-side barriers concern the design and provision of financial services from Financial Service Providers (FSPs) and their misconceptions about women and their businesses. For instance, services, products, and distribution mechanisms may not be tailored to women's needs; or loan officers can be biased in the credit approval process, due, to some extent, to the fact that the typical entrepreneur is associated to masculine characteristics (Hancock et al., 2014; Eddleston et al, 2016). In this regard, several empirical studies have demonstrated the existence of a gender discrimination risk in both the extensive and intensive margin of credit supply (e.g. Harkness, 2016; Brock and De Hass, 2019; Alibhai et al., 2019). In addition to potential biases, lenders can prefer higher growth economic sectors in which women-owned/led enterprises are underrepresented due to high entry barriers.

1 World Bank. Small and Medium Enterprises (SMEs) Finance. Available at: <https://www.worldbank.org/en/topic/sme/finance>.

2 Ibid.

3 International Finance Corporation. 2017. MSME Finance Gap: Assessment Of The Shortfalls And Opportunities In Financing Micro, Small And Medium Enterprises In Emerging Markets. World Bank Group - SME Finance Forum. Available at: <https://openknowledge.worldbank.org/handle/10986/28881>.

4 "The World Bank Group's Identification for Development (ID4D) recognizes the enabling and transformational role of identification systems in achieving several of the Sustainable Development Goals (SDGs) and advancing progress in many areas such as social protection, women and girls empowerment, financial inclusion, governance, healthcare, digital development and humanitarian response. Sustainable Development Target 16.9: "By 2030, provide legal identity for all, including birth registration." Available at: <https://id4d.worldbank.org/about-us>.

Laws, regulations, and norms can also contribute to explicitly or implicitly impede women’s ownership of assets, women’s entrepreneurship or direct access to formal financial services.

Finally, the lack of suitable sex-disaggregated data (SDD) is a key issue that impinges on the capacity of FSPs and governments to properly analyze the access to finance gender gap as well as to design gender sensitive or gender transformative policies. This issue is also related to the general lack of a national definition of women-owned or women-led enterprises. A gender gap can indeed depend on the definition of the gender composition of ownership or management of the firm (Presbitero et al., 2014; Aristei and Gallo, 2016).

In recognition of the role of MSMEs, particularly those owned by women, the Addis Ababa Action Agenda (AAAA) establishes a firm commitment towards policies that can facilitate access to finance. In particular, the agenda puts emphasis on the role of financial regulators and the measures that they can introduce to allow the use of collateral substitutes and to create exceptions to capital requirements as well as on the importance of credit bureau to improve credit evaluation. The agenda also calls on international and national development banks to play an active role in promoting finance to MSMEs, combined with technical assistance, and on the private sector to create new investment vehicles, potentially in partnership with the public sectors, such as venture capital funds, blended finance, and risk mitigation instruments.

CONCEPTUALIZATION - DEFINITION OF MSMEs

MSMEs are autonomous enterprises that have a number of employees below a certain limit and/or have total assets (or turnover) below a certain amount⁵. An important issue is whether a definition should be adapted to the characteristics of developing

and emerging countries where self-employment and business informality are prevalent⁶.

Considering the number of employees, the definition of an MSME varies nationally and regionally. Frequently, the maximum limit that identifies an MSME is 250 employees, as in the European Union. However, in some economies, the limit is 200 employees, while in the United States the limit is much higher at 500 employees. Small enterprises generally mean those with fewer than 50 employees, while micro enterprises are those with a maximum of 10, or in some cases 5 workers.

These country-to-country differences in the definition of MSMEs are also present in the 10 countries analyzed in this study (Table I). While, for example, in the Philippines a small enterprise is defined as having no more than 100 employees, this upper limit goes down to 35 in Costa Rica, and to only 25 in the Solomon Islands; or, in the case of Zimbabwe, the definition based on the number of employees is unique (less than 75 employees) and does not account for size sub-classes. According to the International Finance Corporation (IFC), which is widely used as a benchmark, an enterprise qualifies as a micro, small or medium if it meets two out of three criteria – number of employees, assets and sales/turnover –, or if the loan granted falls within the relevant MSME loan size proxy⁷.

5 OECD. 2005. OECD SME and Entrepreneurship Outlook: 2005. OECD Paris, page 17. Available at: https://www.oecd-ilibrary.org/industry-and-services/oecd-sme-and-entrepreneurship-outlook-2005-edition_9789264009257-en.

6 For instance, do self-employed workers (i.e. without employees) fall into the category of micro-enterprises? Are loans to informal enterprises (i.e. not registered businesses) to be classified into the MSME portfolio? For instance, the Dominican Republic explicitly includes both formal and informal enterprises in the definition of MSMEs (Law No. 488-08 “Régimen Regulatorio para el Desarrollo y Competitividad de las Micro, Pequeñas y Medianas Empresas (MIPYMES)”)

7 IFC. IFC’s Definitions of Targeted Sectors. Available at: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors.

TABLE 1: IFC’s MSME DEFINITIONS

IFC MSME DEFINITION		MSME LOAN SIZE PROXY		
ENTERPRISE	EMPLOYEES	TOTAL ASSETS USD	ANNUAL SALES USD	LOAN SIZE AT ORIGATION USD
MICRO	< 10	< 100,000	< 100,000	< 10,000
SMALL	10-49	100,000 - < 3 million	100,000 - < 3 million	< 100,000
MEDIUM	50-300	3 million - 15 million	3 million -15 million	< 1 or 2 million

DEFINITION OF WOMEN-OWNED/LED ENTERPRISE

As stressed above, the definition of a women-owned or women-led enterprise is key to the identification of the access to finance gender gap. For instance, Presbitero et al. (2014) notes that the more stringent the definition (i.e. enterprises in which a woman is the largest shareholder/owner and plays a strategic role) the more likely the firm is to be credit rationed.

International organizations and governments have different definitions. In the case of microenterprises, where sole proprietorship and informality are the norm, it is straightforward to identify women-led firms based on the gender of the owner (or the gender of the loan applicant). However, in the absence of a national definition, identifying women-owned businesses becomes complicated as they generally have multiple owners and/or decision makers. Generally speaking, most international organizations use “women-owned” to refer to firms with 50 percent or above women ownership, while “women-led” for firms with women in key decision-making positions, i.e. CEO, president, general manager⁹.

As an example, the World Bank’s Enterprise Surveys define a woman-owned/led firm as one that has at least one-woman owner, or one with a female CEO or high-level manager. Similarly, according to the IFC, an enterprise qualifies as a woman-owned enterprise if it

meets the following criteria:

- A. ≥ 51 percent owned by woman/women; OR
- B. ≥ 20 percent owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30 percent of the Board of Directors composed of women, where a board exists.

According to the 2X Challenge, the initiative founded by the Development Finance Institutions (DFIs) of the G7 nations focused on Gender Lens Investment (GLI), the criteria that define entrepreneurship and leadership are as follows:

- A. ≥ 51 percent women ownership or business founded by a woman;
- B. ≥ 30 percent women in senior leadership or 30 percent women on the BoD.

In the countries selected for the current study, criterion (A) seems to be the most widely used (see Table II). In Egypt, for instance, both criteria (A) and (B) are used.

8 Piras, C., Presbitero, A. and Rabellotti, R., 2013. Definition Matter: Measuring Gender Gaps in Firms’ Access to Credit. Inter-American Development Bank. Available at: <https://publications.iadb.org/publications/english/document/Definitions-Matter-Measuring-Gender-Gaps-in-Firms-Access-to-Credit.pdf>.

9 IFC. IFC’s Definitions of Targeted Sectors. Available at: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors.

TABLE 2: SELECTED AFI MEMBER COUNTRIES: DEFINITION FOR MSMEs AND WOMEN-OWNED/LED MSMEs

COUNTRY	MSME DEFINITION				WOMEN MSME DEFINITION	
PHILIPPINES	Micro	>	Assets: < USD 60,000 > Employees: 0-10		No definition	
	Small	>	Assets: < USD 300,000 > Employees: 11-99			
	Medium	>	Assets: < USD 2 million > Employees: 100-199			
MONGOLIA			Sector	Employees	Turnover	No definition
	Micro		Manufacturing Services	< 10	< 300 m MNT (USD 105,000)	
	Small		Manufacturing Services	10-50	300m - 1 billion (USD 105,000 - 350,000)	
	Medium		Retail trade Services	50-200	1 billion- 2.5 billion (USD 350,000 - 880,000)	
COSTA RICA	Micro	>	<10 points*		Entrepreneurial women or women owner of a business or with a share participation >51%	
	Small	>	>10 - <35 points*			
	Medium	>	>35 - <100 points*			

*Points based on Law n° 8262 / MEIC which considers number of employees, sales volume and assets

COUNTRY	MSME DEFINITION		WOMEN MSME DEFINITION			
DOMINICAN REPUBLIC	Micro	<ul style="list-style-type: none"> > Employees: 0-10 > Sales: <= DOP 8 million (USD 138,000) 	Shareholding or share capital greater than 50%			
	Small	<ul style="list-style-type: none"> > Employees: 11-50 > Sales: <= DOP 54 million (USD 933,000) 				
	Medium	<ul style="list-style-type: none"> > Employees: 51-150 > Sales: <= DOP 202 million (USD 3.5 million) 				
PERU	Micro	<ul style="list-style-type: none"> > Sales: <= 150 UIT (Tax Units)* > Employees: 1-10 	No definition			
	Small	<ul style="list-style-type: none"> > Sales: <=1,700 UIT > Employees: 11 - 100 				
	Medium	<ul style="list-style-type: none"> > Sales: <= 2,300 UIT > Employees: +100 UIT (Tax Unit - Unidad Impositiva Tributaria): 2021 = 1,082 USD 				
EGYPT		Established	New			
		Annual Revenues	Employees	Paid-in Capital	Employees	
	Micro	< 1 mln EGP (< 63.5k USD)*	<10	< 50,000 EGP (< 3,200 USD)	<10	A business is considered a women-owned business if 51% of the capital is owned by one or more women, or if 20% of the capital is owned by one or more woman and a woman is holding the position of chief executive officer or vice president of the chief executive officer.
	Small	1 mln EGP - < 50 mln EGP (63.5k USD - < 3.2 mln USD)	<20	50.000 EGP - < 5 mln EGP (industrial) (3,200 USD - < 310k USD) < 3 mln (non-industrial) (< 191k USD)	<200	
	Medium	50 mln EGP - 200 mln EGP (3.2 mln USD - 12.7 mln USD)	<200	5 mln EGP - 15 mln EGP (industrial) (310k USD - < 954k USD) 3 mln - < 5 mln (non-industrial) (191k USD - < 310k USD)	<200	
PALESTINE	Micro	<ul style="list-style-type: none"> > Annual turnover: < USD 100,000 > Employees: 1-4 	No definition			
	Very small:	<ul style="list-style-type: none"> > Annual turnover: < USD 200,000 > Employees: 5-9 				
	Small:	<ul style="list-style-type: none"> > Annual turnover: < USD 500,000 > Employees: 10-19 				
	Medium:	<ul style="list-style-type: none"> > Annual turnover: < USD 2 million > Employees: 20-49 				
SOLOMON ISLANDS	Micro	<ul style="list-style-type: none"> > Net capital investment: < SBD 500,000 (USD 61,700) > Sales: < SBD 300,000 (USD 37,000) > Employees: < 5 	No definition			
	Small	<ul style="list-style-type: none"> > Net capital investment: < SBD 1.5 million (USD 185,000) > Sales: < SBD 10 million (USD 1.2 m) > Employees: 5-25 				
	Medium	<ul style="list-style-type: none"> > Net capital investment: < SBD 7.5 million (USD 925,000) > Sales: < SBD 50 million (USD 6,170,000) > Employees: 25-50 				
SRI LANKA	N/A		N/A			
ZIMBABWE	Unique definition of MSME: <ul style="list-style-type: none"> > Employees: <= 75 		Equity ownership > 50% However, banks provide data based on their own definition			

CATALOGUE OF POLICIES AND INITIATIVES TO IMPROVE WOMEN- OWNED/LED MSME ACCESS TO FINANCE



female stallholder in the Giza district, Cairo, Egypt. (Caroline Penn/Alamy Stock Photo)

The report “A Policy Framework for Women-led MSMEs Access to Finance”, published by AFI in January 2021, proposes a Policy Framework based on six pillars and an overarching pillar to include women-owned/led MSMEs in National Financial Inclusion Strategies or other national strategies, that financial regulators could adopt to facilitate access to finance by women-owned/led MSMEs.










The current section provides a summary of policies and initiatives identified in the selected countries and grouped under the six pillars focusing on both demand- and supply-side interventions. The focus is on measures introduced by financial regulators but also includes initiatives from other government entities as well as the private sector and the civil society.

The review also includes initiatives developed by international development institutions both directed at creating an enabling environment and at providing funds earmarked specifically to finance WSMEs.

The following table shows which countries have already elaborated a NFIS as the overarching pillar which crowns the policy framework. For the countries where an NFIS has not been identified, we have mentioned the strategic document that addresses women empowerment and gender equality.

Numerous studies have consistently shown the risk of credit officers’ discriminating bias against women, and effective outcome-driven policies that facilitate access to credit for women-owned/led enterprises require a clear understanding of the causes behind (self-) exclusion.

TABLE 3: NFIS BY COUNTRY

COUNTRY		NFIS
COSTA RICA		No
DOMINICAN REPUBLIC		No
EGYPT		Egypt’s Vision 2030, Sustainable Development Strategy (SDS)
MONGOLIA		Financial Inclusion Program
PALESTINE		NFIS 2018-2025
PERU		Estrategia Nacional de Inclusión Financiera (ENIF). 2015-21.
PHILIPPINES		Gender and Development (GAD) Plan. 2020-25
SOLOMON ISLANDS		National Strategy for on the Economic Empowerment of Women and Girl (NSEEWG) or Women’s Economic Empowerment Strategy (WEES)
SRI LANKA		No
ZIMBABWE		NFIS I (2016 - 2020) NFIS II (2021-2026) to be elaborated

THE SIX PILLARS ARE SUMMARIZED AS FOLLOWS

PILLAR 1

Develop an enabling environment

Refers to the set of national policies that contribute to developing a conducive environment to enhance WSMEs access to finance and they include fiscal and monetary policies, industrial and sector specific policies.



PILLAR 2

Collect sex-disaggregated data

Relates to the importance of gathering detailed and disaggregated data that can enhance the ability of policy makers and financial regulators to develop effective WSMEs policies.



PILLAR 3

Build skills for women-led MSMEs and financial services providers

Includes the provision of tailored technical assistance services to build adequate skills, enhanced access to business networks and mentoring, capacity building of financial institutions and DFS providers to serve WSMEs.



PILLAR 4

Allow alternative sources of collateral and alternative ways of building credit for women-led MSMEs

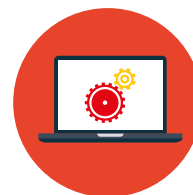
Is about the need to overcome the lack of assets to use as collateral through the introduction of alternatives such as movable asset registries and credit bureaux.



PILLAR 5

Develop digital financial services focused on women-led MSMEs

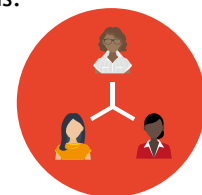
Comprises the inclusion of WSMEs' needs in DFS policy, the provision of capacity building to increase knowledge about DFS, the enhanced access to universal digital identities.



PILLAR 6

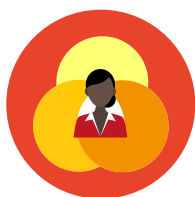
Encourage diversity and women leadership in the financial and business sectors

Is linked to the need to increase the presence of women in leadership positions in financial institutions, the creation of women's business associations and networks, the creation of business opportunities for WSMEs in value chains.



PILLAR 1

Develop an enabling environment



COSTA RICA

- > The Constitution provides a definition of gender equality.
- > In 1990, the Government approved the Law for the Promotion of Women's Social Equality.
- > The legislation established the Interinstitutional Commission for Salary Equality between Women and Men.
- > In 1996, Costa Rica established the National Institute for Women (INAMU, Instituto Nacional de las Mujeres), to coordinate actions and plans to promote the wellbeing of women and gender equality.
- > In 2018, INAMU presented the National Policy for the Effective Equality between Women and Men 2018-2030, aligned with SDGs.
- > Other national policies introduced to promote gender equality are detailed in the section on Costa Rica.

DOMINICAN REPUBLIC

- > In 2010, the Dominican Republic established the Ministry of Women responsible for policies, plans and programs aimed at achieving gender equality.
- > The government introduced the National Plan for Gender Equity and Equality (PLANEG), based on which PLANEG I 2000-2005 and PLANEG II 2007-2017 were designed and implemented and PLANEG III (2020-2030) was recently launched.
- > The constitutional framework introduced in 2010 establishes equality between men and women.
- > The National Development Strategy contains the transversality of the equality approach throughout its implementation and the elaboration of the policy.
- > The Ministry of Industry, Commerce and MSMEs (MICM) has a dedicated program for the financial inclusion of MSMEs, and special attention is paid to women-owned enterprises.
- > The General Directorate of Purchasing and Contracting favors inclusion of women's micro-enterprises in public procurement.
- > The Central Bank of the Dominican Republic (BCRD) is designing the first NFIS.

- > A Microcredit Regulation was approved to achieve greater access for the most vulnerable segments of the population.
- > The Monetary Board issued resolutions to reduce the costs of maintenance and use of savings products at financial institutions.
- > The country introduced alternative channels such as Banking Subagents which bring the population closer to the services of financial institutions.

EGYPT

- > In 2014, Egypt adopted its Constitution which establishes a basis for non-discrimination against women.
- > The Constitution recognizes the role of the National Council for Women (NCW), a national institution focused on matters regarding laws and regulations on the advancement of women.
- > In 2015, Egypt launched the Sustainable Development Strategy (SDS): Egypt Vision 2030 which sets a firm commitment to inclusive development and includes specific gender equality objectives.
- > In 2017, the NCW launched the National Strategy for Women's Empowerment 2030 (NWS) which sets out a road map to work towards women's empowerment and gender equality.
- > In 2021, the Central Bank of Egypt (CBE) issued a guideline instructing banks to increase financing to MSMEs to 25 percent of the portfolio, up from 20 percent of a previous 2016 directive. In addition, each bank should establish specialized units for providing financial services to MSMEs.
- > The CBE incentivized banks to lend to MFIs and NGOs to reach microenterprises.

MONGOLIA

- > In 2005, Mongolia established the National Committee on Gender Equality (NCGE) to coordinate the formulation of policies, legislations, strategies and action plans.
- > In 2011, the Law on Promotion of Gender Equality (LPGE) was adopted followed by gender policies and strategies across different sectors.
- > In 2016, the Parliament of Mongolia approved the Sustainable Development Vision (SDV) 2030 which includes a gender equality component aligned with SDG 5.
- > In 2014-2018, the Government of Mongolia introduced labour market policies through Employment

Promotion Programmes which target different groups, including owners of micro-businesses.

- > The Mongolian government created the Small and Medium Enterprises Development Fund, which provides long-term and concessional loans, facilitates exchanges of experiences among enterprises, and organizes activities to promote SMEs. No specific target to women-owned/led SMEs.
- > In 2020, the Bank of Mongolia and the Financial Regulatory Commission (FRC) launched a Financial Inclusion Plan covering the period up to 2025. Access to finance for SMEs is included among the priorities in the plan.

PALESTINE

- > Palestine established the Ministry of Women's Affairs, dedicated to the improvement of the status of women, youth, children, marginalized men and other groups.
- > In 2018, the PMA elaborated the first National Financial Inclusion Strategy (NFIS) for the period 2018-2025.
- > In 2019, the PMA published a Microfinance Strategy for the period 2019-2023 aligned with the NFIS.
- > In 2019, the PMA published Instruction No.6 on the Financial Inclusion Account for banks to provide a bank account that includes basic banking services for low-income, financially excluded individuals, specifically women.

- > In 2020, the PMA launched the Financial Inclusion website intended as a communication channel and a source of information.
- > To counter the negative impact of the COVID-19 pandemic, the PMA introduced the Estidama Program (Sustainability, in Arabic). In May 2021, a second phase of the program included a USD 10 million tranche dedicated to the microenterprise sector with a positive discrimination towards women-owned MSMEs.

PERU

- > The Constitution recognizes that every person is equal in the eyes of the law and forbids any form of discrimination based on gender.
- > The Law No. 28983 on Equal Opportunities for Women and Men establishes that the State has the duty to adopt all the necessary measures to promote and guarantee equality between women and men.
- > A Ministry of Women and Vulnerable Population Group (MMIPV - Ministerio de la Mujer y Poblaciones Vulnerables) was established.
- > In 2019, the MMIPV published the National Gender Equality Policy to address structural discrimination against women.
- > In 2015, the Government elaborated the first National Financial Inclusion Strategy (Estrategia Nacional de Inclusión Financiera - ENIF).



Female selling green coconut in Bavaro or Bibijagua beach, Punta Cana, Dominican Republic. (Lucas Vallecillos/Alamy Stock Photo)

PHILIPPINES

- > The Philippine Commission on Women (PCW) is the primary policy making and coordinating body on women and gender equality. The institution is responsible for coordinating the preparation of Philippine Development Plans for Women as well as their monitoring assessment and updating. Among others, the PCW ensures the development of institutional capabilities for Gender and Development (GAD).
- > The PCW launched the Women's Priority Legislative Agenda (WPLA) to review, amend, and repeal existing laws that are discriminatory to women.
- > The PCW developed the Gender Equality and Women's Empowerment (GEWE) plan which includes goals such as enhanced capacity of women to sustain and scale up their business and enhanced access of women-owned/led enterprises to opportunities and benefits.
- > In 2016, the Bangko Sentral ng Pilipinas (BSP) introduced the Basic Deposit Accounts, a deposit product designed to meet the need of the unbanked and low-income sector for an affordable and easy-to-open account.

SOLOMON ISLANDS

- > In 2017, the Ministry of Women, Youth, Children and Family Affairs (MWYCFA) was established.
- > In 2010, the MWYCFA drafted the Solomon Islands National Policy on Gender Equality and Women's Development (GEWD).
- > In 2015, the MWYCFA launched the First National Strategy for the Economic Empowerment of Women and Girl or the Women's Economic Empowerment Strategy (WEES), reviewed in 2020.
- > Since 2010, the CBSI prepares a quinquennial National Financial Inclusion Strategy (NFIS). NFIS3 was developed in 2020.

SRI LANKA

- > In 2015, the government established the Ministry of Women and Child Affairs (MWCA) which was later transformed in 2020 into the Ministry of Women and Child Development, Pre-School & Primary Education, School Infrastructure & Education Services. The ministry has under its responsibility the Women's Bureau of Sri Lanka and the National Committee on Women.
- > The National Committee on Women makes recommendations and provides assistance for the

formulation of policies and laws that safeguard and promote the rights of Sri Lankan women.

- > The Women's Bureau developed different programs targeting women and widows and women-headed households (WHH) providing income-generating opportunities through counselling services, interest-free revolving credit schemes, skill development projects and financial literacy trainings (also Pillar 3).
- > The Sri Lankan Government is in the process of drafting a new Constitution which should include women's rights in the Fundamental Rights Chapter.
- > In 2021, Sri Lanka launched its first National Financial Inclusion Strategy with four priorities: increasing access to digital finance and payments; boosting access to finance for MSMEs; protecting financial consumers; and promoting financial literacy.

ZIMBABWE

- > In 2005, the government established the Ministry of Women Affairs, Gender and Community Development (MWAGCD), which was later merged with the Ministry of Small and Medium Enterprise Development to become the Ministry of Women Affairs, Small and Medium Enterprise Development (MWASME). An SME Act had been adopted in the mid-80s.
- > In 2013, the Constitution of Zimbabwe was amended to recognize women's rights, economic empowerment, and the inclusion of women. The national gender mechanism also established gender focal persons in all government ministries and parastatals. The mechanism also includes women's groups, the National Gender Commission, the National Gender Policy, and other institutions and structures promoting gender equality.
- > In 2014, the ILO launched the "Joint Programme on Gender Equality, Zimbabwe" (JPGE) to support the Government of Zimbabwe in attaining its development goals (of which, at the time, MDG 3 on Gender Equality).
- > In 2016, Zimbabwe launched the first NFIS for the period 2016-2020. The second NFIS (2021-2025) is under way.
- > In 2018, the government established the Zimbabwe Women's Microfinance Bank which offers a wide range of financial and non-financial services tailored to women's needs.

PILLAR 2

Collect sex-disaggregated data (SDD)



COSTA RICA

- > Costa Rica has been gathering sex-disaggregated credit data for several years, facilitated by the national ID system.
- > The General Superintendency of Financial Entities (SUGEF) developed sex indicators and plans to orientate policies to bridge the gender gap.

DOMINICAN REPUBLIC

- > Since 2012, the Superintendency of Banks has collected sex-disaggregated data. In 2021 it published the first longitudinal gender-based study (2013-2020) of borrowers in the credit intermediation sector (SB, 2021).
- > In 2019, the BCRD conducted the first National Survey of Financial Inclusion.

EGYPT

- > The CBE developed a unified definition of women-owned businesses for data collection purposes.

- > The CBE established a data committee, conducted supply- and demand-side surveys for households and MSMEs, with data disaggregated by sex.

MONGOLIA

- > In 2013, the National Statistics Office (NSO) developed a set of 216 indicators to collect sex-disaggregated data in different areas. However, sex-disaggregated data related to the MSME sector is not yet available.

PERU

- > The SBS collects sex-disaggregated data in their financial statistics reports with indicators on enterprises by size and on loans.

PHILIPPINES

- > The development of sex-disaggregated statistics is a priority of the 2020-25 GAD Plan.
- > The BSP conducts sex-disaggregated surveys to monitor financial inclusion though with some limitations.

ZIMBABWE

- > In 2016, the Reserve Bank of Zimbabwe (RBZ) designed a template with financial inclusion indicators to facilitate the collection of disaggregated data from banking institutions on a quarterly basis which are then requested to submit their targets for products and services targeted at women.



Palestinian woman discussion group. (Pacific Press Media Production Corp./Alamy Stock Photo)

PILLAR 3

Build skills for women-led MSMEs and financial services providers



COSTA RICA

- > The Ministry of Economy, Industry and Commerce (MEIC) with the INAMU and the National Learning Institute (INA) designed and executed a specific program for women entrepreneurs: the National Program for Businesswomen.

DOMINICAN REPUBLIC

- > The MICM is responsible for the implementation of the national program for the financial education of MSMEs.
- > The Central Bank has worked on the elaboration of financial education handbooks.
- > The National Council for the Promotion and Support of MSMEs (PROMIPYME) provides financial, training and advisory services to MSMEs, especially women-owned/led ones.
- > Banco the Reservas, a commercial bank, launched a mentoring program for women entrepreneurs, namely the Academy for Women Entrepreneurs.

EGYPT

- > As of 2012, the Egyptian Banking Institute (EBI) developed the National Financial Literacy Strategy.
- > In 2019, the CBE founded the initiative NilePreneurs in collaboration with banks and universities which provides support to start-ups and SMEs. This initiative does not specifically target women.

MONGOLIA

- > Commercial banks set up a Gender Committee to improve the way the institution perceives and deals with gender issues and female clients.
- > The Asia Foundation provides business advice and trainings, networking, community networking, mentoring and information on access to finance through the Women's Business Center (WBC).

PALESTINE

- > The PMA developed an SME Platform with the aim of providing knowledge support to SMEs.

- > The Palestinian Agricultural Development Association (PARC) developed a pilot Cooperative Association for Saving and Credit (CASC) which evolved, by 2005, into the Union of Cooperative Associations for Saving and Credit (UCASC) with the objective of promoting women's economic empowerment, supporting women in accessing finance and finding sustainable ways of generating income.
- > The Palestinian Working Woman Society for Development (PWWSD) was established in 1981 to support Palestinian working women with activities that address female unemployment, with a focus on income-generating projects, cooperatives, and trade unions.

PERU

- > The Ministry of Production offers free business management, product development, financial assessment and formalization to MSMEs and entrepreneurs through the program "Your Company". The program is gender neutral though women-owned MSMEs are included as potential beneficiaries.
- > The MIMP organizes training programs in collaboration with different private and public organizations such as the online training "Mujeres Connect-Americas: Toolkit to support Women Entrepreneurs in Peru" in collaboration with the IADB.

PHILIPPINES

- > The PricewaterhouseCoopers (PWC) works with saving and credit cooperatives and networks such as the National Confederation of Cooperatives (formerly known as National Association of Training Centers for Cooperatives or NATCCO) to provide trainings and to increase women's participation in cooperative assemblies and other leadership roles (also Pillar 6).
- > In 2020, Villgro launched the WE Rise Accelerator Program to provide women entrepreneurs with an investment readiness training program and technical assistance including business mentoring.

SOLOMON ISLANDS

- > The quinquennial NFIS include financial literacy programs.

SRI LANKA

- > The Women's Bureau developed different programs targeting WHH providing income-generating opportunities through counselling services, interest-free revolving credit schemes, skill development projects and financial literacy trainings (also Pillar 1).

ZIMBABWE

- > The Zimbabwe National Chamber of Commerce set up the Women's Desk - Woman Owned Brand Label which supports women entrepreneurs in connecting with the market.
- > The RBZ set up a Women Finance and Development

Thematic Working Group to develop innovative financial products for women.

- > Banks established women's desks and SME units to facilitate the development of tailored products and services for women and SMEs, as well as financial literacy programs.
- > Banks are requested to submit their plans for accompanying capacity building activities such as tailored financial literacy and other training programs for women.
- > The RBZ has rolled out financial literacy and education programs with plans to make financial literacy a part of the school curricular.



Women textile workers, trained in renewable energy and traditional craftsmanship, Yaurisque, Peru. (imageBROKER/Alamy Stock Photo)

PILLAR 4

Allow alternative sources of collateral and alternative ways of building credit for women-owned/led MSMEs



COSTA RICA

- > In 2014, the Legislative Assembly of Costa Rica approved the new Movable Asset guarantees Law N° 9246, which includes various assets that can be used as collateral other than immovable assets. The law will allow alternative sources of collateral for all MSMEs, including women-owned/led.

DOMINICAN REPUBLIC

- > The government introduced supporting regulatory framework for the financial inclusion of MSMEs: factoring law project; Reciprocal Guarantees Law Project; and a framework for Movable Asset Guarantees (2020).
- > The country introduced modifications to the Asset Evaluation Regulations (i.e. a banking law that regulates the types of assets that can be pledged as collateral) to facilitate accessibility to formal financing.

PALESTINE

- > The Ministry of National Economy established a registry of movable assets to facilitate the provision of credit to women.
- > The PMA is undergoing a review of the Credit Scoring System to include a positive gender discrimination element to promote women's access to finance.

SRI LANKA

- > The Central Bank of Sri Lanka implemented Credit Guarantee Schemes whereby loans granted by partner financial institutions are partially guaranteed in case of default. The scheme does not specifically target women.

ZIMBABWE

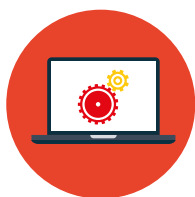
- > In 2010, the MWASME established a Women Development Fund which supports women's access to finance by granting credit to women's groups (consisting of at least 3 members).
- > Through the RBZ working groups, banks introduced low-cost savings accounts with no strict KYC requirements. Most banks also developed products and services tailor-made for women, such as group lending and digital platforms for community-based savings groups.
- > In 2017, the RBZ re-established the Credit Guarantee Scheme in the Export Credit Guarantee Company.
- > In 2017, the RBZ established a centralized credit registry.
- > The Government is establishing a collateral registry for movable assets, which will be managed by the RBZ.



A Filipino market vendors at the main market in Puerto Princesa, Palawan, Philippines. (Joel Carillet/iStock)

PILLAR 5

Develop Digital Financial Services focused on women-owned/led MSMEs



EGYPT

- > In 2019, the Egyptian Parliament approved the e-Payments Act to support the transition towards a digital-oriented economy.
- > In 2021, the NCW launched the Women's Empowerment and Financial and Economic Inclusion in Rural Egypt: COVID-19 Response Programme to facilitate women's access to financial services through modern technology, digital and financial literacy training.
- > Egypt has been included in the Financial Inclusion Global Initiative (FIGI) to address three sets of outstanding challenges for reaching universal financial access: (1) electronic payment acceptance, (2) digital ID for financial services, and (3) security.
- > Recently, the Arab Women's Enterprise Fund (AWEF) stands out as a change agent through different partnerships with financial institutions with initiatives in the digital finance landscape.

PALESTINE

- > In 2020, the PMA developed a regulatory framework for licensing companies in the field of electronic payment services, including e-wallet and prepaid cards and granted licenses to four e-payment companies.
- > The UNDP's State of Palestine Accelerator Lab is testing an online platform to market women's products. The pilot consists in linking 20-30 women cooperatives and small producers to an online marketing platform, yummy.ps, to create an online store for traditional food products. The project is experimental in that it is also testing the use of digital technologies, such as mobile applications, e-payment, etc.

PHILIPPINES

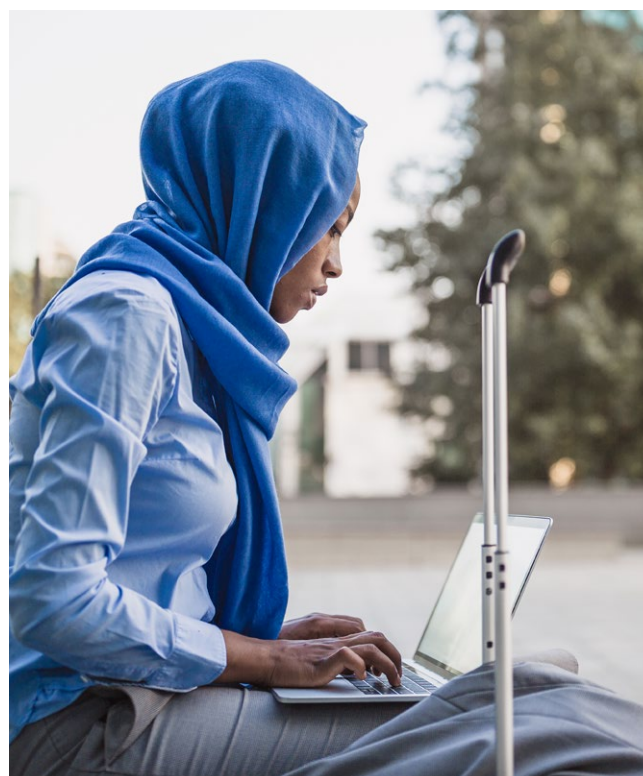
- > The BSP launched an ambitious three-year Digital Payments Transformation Roadmap (DPTR) aiming at digitalizing 50 percent of the retail transaction volume and the financial inclusion of 70 percent of the population by 2023.

SOLOMON ISLANDS

- > The CBSI launched the Inclusive Digital Economy Scorecard (IDES), a tool developed by the UN Capital Development Fund (UNCDF).
- > The SI National Providence Fund (SINPF) developed a scheme called youSave for the informal sector and the CBSI coordinated the launch of the "youSave LoMobile" initiative, a service which allows youSave users to top up their savings any time anywhere through their mobile phones.
- > EziPei Mobile Wallet is a mobile money e-wallet that provides banking services through any mobile phone and network.

ZIMBABWE

- > In 2021, the Reserve Bank of Zimbabwe launched the Fintech Regulatory Sandbox as a framework that allows Fintech start-ups and other innovators in the financial services sector to develop products and services in a controlled environment under supervision.



PILLAR 6

Encourage diversity and women leadership in the financial and business sectors



DOMINICAN REPUBLIC

- > The Ministry of Women and UNDP implemented the Gender Equality Seal initiative, a certification program aimed at promoting gender equality and the economic and social autonomy of women in companies and organizations.
- > In 2021, the Dominican government set up a Country Accelerator on Closing the Gender Gap aimed at advancing women into management and leadership positions.

MONGOLIA

- > The Mongolian Confederation of Credit Unions recently launched the Women's Leaders Club to promote a higher rate of women's membership.

PALESTINE

- > The Women's Affairs Center (WAC) is an NGO with the purpose of empowering women and advocating women's rights and gender equality through capacity building, information and innovative research and advocacy programs.

SOLOMON ISLANDS

- > The National Council of Women (NCW) promotes the participation of women in decision-making on the Islands.
- > The Waka Mere Commitment to Action is a two-year initiative led by IFC which pursues, among others, the promotion of women in leadership.

SRI LANKA

- > Sri Lanka allocated a 25 percent quota for women in local government entities and Cabinet approval is being sought to provide 30 percent nominations for women at Provincial Council elections.

ZIMBABWE

- > The country's constitution set a target of 50 percent women representation in Parliament and has a legislated quota of 60 seats reserved for women in the Upper House, distributed on a proportional representation among political parties.



Female Zimbabwean MSME working with colleague processing paperwork on laptop, Zimbabwe. (Magnificent Productions/iStock)

GENDER LENS INVESTING AND FUNDING INITIATIVES

The purpose of this additional “pillar” or section is to bring forward specific initiatives that provide funding geared at WSMEs as a means to highlight which public and private investors are active in the segment and to increase awareness amongst regulators and financial institutions on the need to promote and increase fund mobilization.



COSTA RICA

- > FOMUJERES is a fund that finances women-led business initiatives or initiatives that defend women's rights.
- > In 2010, Banco Nacional implemented Banca Mujer, a program to promote the development of Costa Rican women through advisory and funding, including WSMEs.
- > Banco de Costa Rica launched a specific program to support businesswomen and entrepreneurs, Programa de Apoyo a Mujeres Empresarias y Emprendedores, supported by IADB.
- > In 2015, BAC Credomatic, supported by the IADB, launched a 3-year project, Programa Mujer Acelera, focused on WSMEs.
- > The National Institute of Housing and Urbanism (INVU) announced the launch of a new financial tool, Crece-Mujer, to guarantee women's financial rights and facilitate access to housing.

DOMINICAN REPUBLIC

- > In 2021, the government transformed the late public exports bank into a new development and exports bank (BADEX) to provide a wide range of first- and second-tier financial services intended for MSMEs. This initiative is not specifically targeted to women.
- > Public financial institutions channel funds to low-income women: Fundación Reservas del País, a government-owned entity, has a loan portfolio mainly to women; the program of conditional transfers “Progresando con Solidaridad” has a project “Mujeres SUPEREmprendedoras” intended for female owners of microenterprises.

- > Under the umbrella of the MICM, the National Council for the Promotion and Support of Micro, Small and Medium Enterprises (PROMIPYME) offers credit with a focus on women-owned enterprises.
- > In 2020, PROMIPYME and Progresando con Solidaridad, signed a cooperation agreement and allocated a special fund to finance new ventures; and in 2021, PROMIPYME and the Special Fund for Agricultural Development (FEDA) signed an agreement to implement a joint credit program that targets women entrepreneurs.
- > BHD León, a commercial bank, launched the Mujer Mujer program that provides a wide range of financial and non-financial services tailored to women's needs, with financing from the IIC.
- > Banco ADOPEM, a microfinance institution, signed a EUR 10 million loan from ECB as part of the 2X challenge. The MFI also launched the Agromujer program for rural women entrepreneurs.

EGYPT

- > Alexbank was the first bank to sign an MoU with the NCW in October 2017. The agreement envisages the implementation of measures that will enhance financial inclusion for women, especially in rural areas.
- > Mezzan Investments is a gender-smart mezzanine private equity fund which will be launched in Egypt seeking to invest in opportunities in the SME space in Egypt in alignment with SDGs and gender-smart investment strategies.
- > IFC launched the Banking of Women Program working with different partners and financial institutions worldwide to support them improve services to women-owned businesses. In Egypt, IFC signed an

agreement with Bank Misr to support them in expanding the number of women-owned/led MSMEs in their portfolio.

- > EBRD promotes women's participation in business through the Women in Business Programme. In Egypt, the EBRD partnered with National Bank of Egypt, QNB Al Ahli Bank, Tanmeyah, a commercial MFI, and more recently, in October 2021, with Reefy Microfinance Enterprise Services, another commercial MFI, with a loan agreement of EUR 4.3 million¹⁰.
- > The Agence Francaise de Developpement (AFD) has provided a EUR 50 million credit line to MSMEDA with the objective of providing support to women's entrepreneurship.

MONGOLIA

- > XacBank introduced a soft loan approach to businesses with high female participation and signed agreements with the Asian Development Bank (ADB) and the Overseas Private Investment Corporation (OPIC).
- > Trade and Development Bank of Mongolia (TDBM) signed an agreement with the International Investment Bank (IIB) to provide funding for the Women Entrepreneurship Support Program (WESP).
- > EBRD operates in Central Asia, including Mongolia, through the We-Fi 'Women of the Steppe' Programme which provides USD 114 million of investment as well as advisory and policy support to reach over 7,000 women-led SMEs.

PALESTINE

- > Bank of Palestine (BOP) is a prominent example of a commercial bank that has invested in MSMEs. The bank has entered into partnerships and agreements with different international institutions to enhance their participation in the segment with initiatives specifically targeting women entrepreneurs.
- > In 2017, ASALA, an MFI with a clear focus on women, signed a USD 1.5 million loan agreement with SANAD Fund for MSME (SANAD) for on-lending to women-owned micro and small income-generating activities, mainly in rural and agricultural areas.
- > In December 2020, the EU and the Palestinian Authority (PA) established the EU-Palestine Investment Platform. Within the context of the platform, the EIB signed seven agreements to support Palestinian MSMEs.

PHILIPPINES

- > In 2020, the Manila Angel Investors Network (MAIN) committed to finance and mentor at least 10 early-stage and high-growth women-owned SMEs.
- > The Foundation for a Sustainable Society (FSSI) provides support to women-led businesses in partnership with the Macquarie Group and Investing in Women through the Macquarie-IW RISE Fund launched in November 2020 which injects liquidity in Women-led SMEs with the aim of offsetting the negative impact of the COVID-19 pandemic.

SOLOMON ISLANDS

- > In 2021, the Ministry of Commerce launched a credit line for women and youth with the Development Bank of SI.

SRI LANKA

- > In 2019, Nations Trust Bank (NTB) applied for a facility from the IFC to fund its expansion in the SME lending space, with a portion being carved-out for lending to women-owned SMEs.
- > In 2020, IFC also supported the Commercial Bank of Ceylon (ComBank) to develop products and services for women.
- > In 2018, ADB implemented the Sri Lanka Small and Medium-Sized Enterprises Line of Credit project, supported by a Women Entrepreneurs Finance Initiative grant.
- > In 2020, FinnFund and Norfund, invested USD 7.5 m in Softlogic Life Insurance PLC. pioneering inclusive life and health insurance solutions in Sri Lanka.

ZIMBABWE

- > In 2017, the RBZ established funding facilities to enhance access to funding for marginalized groups such as the USD 15 million Women Empowerment Fund to enhance access to funding for women-owned businesses.

¹⁰ EBRD. 2021. EBRD, EU and Reefy step up support for women entrepreneurs in Egypt. Available at: <https://www.ebrd.com/news/2021/ebd-eu-and-reefy-step-up-support-for-women-entrepreneurs-in-egypt.html>.

OVERVIEW BY COUNTRY



Female MSME prepared local casado dish, La Fortuna Village, Alajuela province, Costa Rica. (Sergi Reboredo/Alamy Stock Photo)

COSTA RICA

A case of development success with remarkable social and economic progress

1. INTRODUCTION

Costa Rica has been recognized for all the efforts made towards social and economic progress over the last decades, as the WBG highlights in the overview of the country¹¹.

Costa Rica is a case of development success, thanks to the high and stable economic growth experienced during the past 25 years, as a result of a foreign investment openness and trade liberalization strategy. Political stability, social contract and steady growth have become a perfect combination to reduce poverty rates in the country. The proportion of the population with a daily per-head income below USD 5.5 is one of the lowest in the Latin American and Caribbean region. The success of Costa Rica is also reflected in the HDI ranking which places the country as 62nd globally, with a consistent upward trend over the past decades.

In this context, the country faces two important development challenges, namely the fiscal situation and the persistent inequality. As the WBG points out, the government is committed to addressing these issues, ensuring the well-being of its people and working on an inclusive society, supported by transparent and accountable public institutions. Currently, Costa Rica does not have a financial inclusion strategy. However, various initiatives have been promoted to increase financial inclusion and to improve access to credit for the MSME sector. In 2019, the National Strategy for Financial Education 2018-2022 (ENEF) was launched, and recently, the first Financial Inclusion National Survey was carried out, with a report of the financing gap between men and women in access to and use of the financial system in Costa Rica.

67.8% The country is at an advanced financial inclusion stage in Latin America with 67.8 percent of adult population owning a bank account, and

21.2% 21.2 percent with a loan from a financial institution, (according to the Global Findex database, 2017).

In addition, the Government has undertaken different initiatives to promote financial inclusion, including the adoption of a Guideline related to Financial Inclusion in State Transfer Programs that aims to bank all people who benefit from a social program.

Nevertheless, even if Costa Rica has made important strides on household inclusion, it lags behind on enterprise inclusion, compared to other emerging markets of the region. Within the MSMEs segment, many micro-entrepreneurs operate in the informal sector and find it challenging to receive commercial loans from the regulated banking system due to financial terms compliance, financial institutions' formalism, and lack of collateral.

The MSME National Survey (INEC 2020) shows that 95 percent of the enterprises are MSMEs. The distribution by sex is, according to the Survey (INEC, ENAMEH 2020), 68 percent of men and 32 percent of women, similar to the results of the general survey on employment. The data shows that the gender gap in the enterprise sector can be explained by the lower participation of women in the labor market (LFP), and not by a specific characteristic of the MSME sector.

The challenges concerning digital banking in the country are high transaction costs and regulatory framework, which should be adapted to FinTech firms' demands to facilitate a faster and healthy growth.¹²

11 World Bank. Overview of Costa Rica. Available at: <https://www.worldbank.org/en/country/costarica/overview#1>.

12 "Costa Rica fares better than most of its Latin American peers in the use of mobile or internet banking, internet-based purchases and digital payments. The number of registered mobile phone lines per 100 inhabitants has increased in the past decades. The Central Bank estimates that 90 percent of the population uses a mobile phone with an internet service provider, and half of the non-cash transactions are executed by contactless bank cards. Members of the FinTech Association of Central America and the Caribbean further note that 82 percent of Costa Rican biometrics are submitted in the digital infrastructure of the country". OECD. 2020. OECD Economic Surveys: Costa Rica 2020. OECD Publishing, Paris. Available at: <https://doi.org/10.1787/2e0fea6c-en>.

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT

Equality is established as a principle in the National Charter of Costa Rica and the country has signed several international agreements and treaties related to human rights and gender equality.

19-20%

While approximately half of the country's population are women, female unemployment rate has been historically higher than male, with a wage gap of 19-21 percent in the last decades and a high poverty incidence among women-headed households.

In order to tackle poverty and unemployment, the Government has undertaken different initiatives, some targeting the education and empowerment of entrepreneurial women.

In 1990, the Government approved the Law for the Promotion of Social Equality for Women (n° 7142), with the objective to promote and guarantee equal rights between men and women and provide a gender-inclusive institutional framework, including programs and services aimed at facilitating the full participation of women.

The Legislative Decree No. 9677 Law No. 7142 guarantees the right of women to equal pay, both in the private and public sectors. According to data published by the World Economic Forum (2020), the gender wage gap index has improved since the enactment of the law in 2019.

Other national policies created to promote gender equality include:

- > National Development and Public Investment Plan (PNDIP, for its acronym in Spanish) 2019-2022. The plan states that the gender equality requires a greater incorporation of women into the labor market.
- > National Policy for the Care and Prevention of Violence against Women of all ages (PLANONI, for its acronym in Spanish) 2017-2032. The policy proposes to increase access to economic and social development programs for women affected by violence in conditions of poverty, vulnerability and exclusion.
- > National Policy for Equality between Women and Men in the training, employment and enjoyment of

the products of Science, Technology, Telecommunications and Innovation (PICITT, for its acronym in Spanish) 2018-2027.

- > National Policy of Care Towards the progressive implementation of a System of Support for Care and Attention to Dependency 2021-2031. The policy includes a provision for the advancement of social co-responsibility of care and the closing of the gender gap in the labor market.
- > Gender equality policy for inclusive development in the Costa Rican agricultural, fishing and rural sector 2020-2030 to reduce gender inequalities in the development of productive activities.

Created in 1996, the National Institute for Women (INAMU, Instituto Nacional de las Mujeres) is the institution assigned to develop and execute relevant plans, programs and projects, as well as coordinate the actions and existing instances within the Public Administration meant to promote the well-being of women and gender equality. Among others, INAMU elaborates and promotes the national policy for gender equality and equity; protect the rights of women enshrined both in international declarations, conventions and treaties and in the Costa Rican legal system; and promote the social, political, cultural and economic participation of women.

In 2018, within the framework of the SDGs, INAMU presented the National Policy for the Effective Equality between Women and Men 2018-2030.

In general, Costa Rica has made strides in creating a supporting environment for entrepreneurship. In the WBG Doing Business Report 2018, Costa Rica ranks 67th, with a total score of 79.9 out of 100, higher than the Latin American average of 79.4.

However, despite the advances in gender equality and integration, women entrepreneurs still face challenges regarding access to credit. A major obstacle is that the banking system is collateral-based, which represents a structural barrier for credit access, in particular for small and micro entrepreneurs and for women. As a matter of fact, over a third of MSMEs indicate that access to finance is their main constraint (39.9 percent), followed by training (36.1 percent) and procedures (26.7 percent).¹³

13 INEC, ENAMEH Survey 2020.

The Ministry of Economy, Industry and Commerce (MEIC) has adopted specific policies to promote entrepreneurship with the support to women and youth as crosscutting themes. Nevertheless, no specific strategy or policy has been developed to promote women-owned/led MSME financing.

In 2017, according to the Global Findex, the access to credit gender gap was 14 percent, with 75 percent for men and 61 percent for women. Twenty-three percent of the Costa Rican population saved at a financial institution, with 19 percent of women saving at a financial institution.

Regarding data collection, Costa Rica has been gathering sex-disaggregated credit data for several years, facilitated by the national ID system. More recently, the General Superintendency of Financial Entities (SUGEF, Superintendencia General de Entidades Financieras), the financial regulator, has developed gender indicators and plans to orientate policies to bridge the gender gap.

The Ministry of Economy, Industry and Commerce (MEIC - Ministerio de Economía, Industria y Comercio) is the governing body responsible for policies on private initiative, business development and promotion

of business culture for the industry, commerce and services sectors, as well as for the SME sector. Related to the latter, the MEIC works in coordination with the banking system for the design of credit programs aimed at the sector and for promoting their access to electronic communication services and boost their formalization. In this sense, the MEIC has been working with the INAMU and the National Learning Institute (INA, for its acronym in Spanish) in the design and execution of a specific program for women entrepreneurs: the National Program for Businesswomen.



Female MSME inspecting the crops in a coffee field. (SALMONNEGRO-STOCK/Shutterstock)

3. FINANCIAL SECTOR ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

The Central Bank of Costa Rica (Banco Central de Costa Rica, BCCR) is responsible for the monetary and exchange rate policy. The National Council for Supervision of the Financial System (CONASSIF) is the regulator and supervisory authority operating through the Superintendencies:

- > SUGEF: for financial intermediaries (AFI member since 2013),
- > SUGEVAL: for securities,
- > SUPEN: for the national pension system, and
- > SUGESE: for the insurance market.

In the System of Banking for Development (SBD) Act n° 9274, article 8 states that the SBD would design policies to neutralize gender inequalities, with financing policies and non-financial support that enable equitable access for women, in terms of access to credit, guarantees and non-financial services and business development. Financial entities that access SBD resources must have, among their financing programs, policies that compensate for gender inequalities.

Concerning specific programs of INAMU, through FOMUJERES (literally “the fund for women”), a non-

reimbursable fund, finances women who present business initiatives or initiatives to defend women’s rights. In 2021, FOMUJERES has given support to 572 projects of rural women all over the country, with 1.8 million USD. The total amount of the fund resources since 2014 is USD 9.8 million to finance more than 3.000 productive projects.

Finally, the Mixed Institute of Social Aid (IMAS - Instituto Mixto de Ayuda Social), through its trust FIDEIMAS (literally IMAS’ Trust), created within the framework of the Law of Attention to Women in Poverty Conditions, aims at financing additional and subsidiary guarantees, through credits with favorable interest rates. The trust also provides trainings, technical assistance and follow-up for individuals or groups that carry out productive projects.

3.1 COMMERCIAL BANKS

The financial sector in Costa Rica is dominated by state-owned banks that allow to achieve policy objectives and are engaged in infrastructure development, financial inclusion and SME lending. In 2008, the country established the Credit Fund for Development (Fondo de Credito para el Desarrollo) which is used to finance programs within the System of Banking for Development (SBD). Within this context, private banks are obliged to transfer funds to state-owned banks engaged in SBD.



Female artist in the town of Sarchi famous for its decorative painting and ox carts, Central Highlands Costa Rica. (robertharding/Alamy Stock Photo)

The OCDE, in its Review Report (2020), describes the system as,

“

A mechanism of system-wide coordination, including financial intermediaries [...] and microfinance entities [...] with the objective of financing and promoting productive and viable development projects.

”

Among the state-owned banks, the Banco Nacional has implemented, since 2010, Banca Mujer, a program to promote the development of Costa Rican women through advisory and funding. While the advisory line includes financial education, trainings, business support, products exhibition and trade missions, the funding line provides credit for MSME investment and business operation, credit cards to cover liquidity needs, support to obtain guarantee products. The program aims at empowering women and promoting well-being for women, their families and their enterprises.

Banca Mujer began as a program focused on WSMEs, before expanding in 2016 to encompass the full range of women customer segment, including students, stay-at-home women, high-net worth women, professionals and businesswomen, promoting empowerment for all.

50%

The bank has over 1 million female clients which represents more than 50 percent of the portfolio; and more than 150,000 are WMSMEs.

Banco de Costa Rica, a state-owned bank, has a specific program to support businesswomen and entrepreneurs (Programa de Apoyo a Mujeres Empresarias y Emprendedores). The objective is to promote financial and social access for women-owned MSMEs that lead a sustainable productive project, through a credit line or other credit products of the bank. This program, has been launched in 2021, led by SDB and supported by IADB.

In 2015, BAC Credomatic, supported by the IADB, launched a triennial project, Programa Mujer Acelera, focused on WMSMEs. The objective was to help the enterprise acceleration, so it targeted women-owned enterprises with more than 2 years of activity. The program was based on the diagnosis, training and mentoring to selected enterprises. In 3 years, the

program supported the development of 169 women-owned MSMEs.

3.2. NON-BANK FINANCIAL INSTITUTIONS

The non-bank financial system for MSMEs in Costa Rica is associated with REDCOM (Red Costarricense de Organizaciones para la Microempresa) and is integrated by 11 NGOs.

FINCA was the first NGOs specialized in women to be active in the country. Nowadays, along with FINCA, there are two other organizations specialized in women-owned enterprise credit services, Grameen and Fundacion Mujer.

4. INTERNATIONAL FUNDING

The Gender Parity Task Force (IPG, for its initials in Spanish) created by the World Economic Forum (WEF) and implemented in the Latin-American region in partnership with the IADB, is a high-level public-private collaboration model that seeks to support countries interested in reducing the economic gender gap. In 2020, Costa Rica, under the IPG, launched a strategical initiative led by the Vice President to address the effects of the COVID-19 pandemic and the direct impacts on female employment.¹⁴ The initiative is still in the design phase with a diagnosis and an action plan being developed.

Between 2012 and 2018, Costa Rica was part of the project “Emprende”, an EU initiative in collaboration with the Costa Rican government to strengthen female entrepreneurial capacities to promote their economic independence. The project focuses on three main areas: promotion of WSMEs, gender approach in entrepreneurship, and rural and local economic development. The total amount of the program was EUR 5.5 million, of which EUR 4 million contributed by the EU.

¹⁴ IIDB. Gender parity taskforce. Available at: <https://www.iadb.org/es/gender-and-diversity/iniciativa-de-paridad-de-genero>.

DOMINICAN REPUBLIC

Women are more educated than men and most university students

1. INTRODUCTION

The Dominican Republic has made strides in formal financial inclusion but access and use of financial services, especially credit, remains limited.

In 2014, according to the 2014 Economic and Financial Culture survey (Encuesta de cultura económica y financiera 2014) of the Central Bank of the Dominican Republic, 31 percent of individuals held at least 1 banking product but by 2019 this had increased to 46.2 percent of adults holding at least 1 credit or savings products provided by a private financial institution.

56%

According to the World Bank's Global Findex database, the percentage of adults with an account was 56 percent in 2017.

According to the 2014 Economic and Financial Culture Survey, the lack of income, the lack of a formal job and the distrust in FIs, represent the main reasons for not opening a bank account (BCRD, 2019). Another possible cause is the limited development of electronic means of payment. This is suggested because only a third of the country's population of working age has a debit card (World Bank, 2018).

Access to credit seems to be the most concerning issue. In 2019, only 15.7 percent of surveyed individuals stated to have received credit from a formal financial institution in the last 12 months (2019 National Financial Inclusion survey). The lack of guarantee and credit history were stated as the main two reasons why a credit application was rejected. A recent study of the Superintendency of Banks (SB) shows that as of December 2020, the total number of borrowers registered in the system was 1.9 million, that is about 27 percent of the total population (SB, 2021). From a gender perspective, as of December 2020, out of all clients, 24.2 percent of women had at least one bank loan, compared to 26.2 percent of men.

Concerning formal business loans, only 2 percent of the surveyed individuals in 2019 stated to have received at least one in the past (BCRD, 2019). Moreover, out of the

surveyed individuals who took out a loan in the last 12 months, only 5.7 percent used it for starting, expanding or operating a business. Business credit seems also to register the largest gender gap both in participation and in the balance owed. During the 2013-2020 period, the participation of women in the commercial loan portfolio has shown a downward trend (SB, 2021). As of December 2020, the female participation decreased to 40.3 percent, while the amount of commercial loans owed by women in relation to men reduced to 24.6 percent (from 38.1 percent in 2013). In other words, for every DOP100 pesos of bank credit owed by a man-owned business, a woman-owned business had an outstanding credit of approximately DOP 25 pesos.

1.1. BARRIERS OF WOMEN-OWNED (LED) MSMEs

According to the 2019 data of the Gender Equality Observatory, managed by the Ministry of Women, in Dominican Republic women are usually more educated than men (9.7 average years of study for women vs. 9 average years of study for men), the gender parity index in school enrolment is in favor of women (1.11 and 1.7 in the intermediate and higher school levels, respectively), and they represent the majority of university students (64.4 percent) and of people who graduate from higher education.

20%

However, women show a higher unemployment rate (16.6 percent vs. 6.3 percent) and the pay gap is about 20 percent. Moreover, the average weekly hours that women dedicate to unpaid work are 31.2 (data from 2016), compared with 9.6 hours for men.

Dominican women are also more affected by poverty than men. For every 100 men living in moderate poverty (extreme poverty) in 2000, there were 117 (124) women and this number increased to almost 140 (154) in 2017 (CEPAL, 2018)¹⁵.

An important factor in the reproduction of poverty among women is their limited access to productive resources, including crucial assets such as land ownership. Credit, training and mentoring are also limited particularly among rural women. Despite recent advances in legislation, such access is limited by the lack of corresponding regulations or implementation¹⁶.

15 CEPAL, NU. Panorama Social de América Latina 2018. Cepal, 2019. Available at: <https://www.cepal.org/pt-br/publicaciones/44412-panorama-social-america-latina-2018-documento-informativo>.

16 Dominican Republic. National plan for gender equality and equity 2020-2030. Available at: <https://mujer.gob.do/transparencia/phocadownload/Publicaciones/Planeg/PLANEG%20III%202020-2030.pdf>.

62.1%

Despite the disparities in economic participation, the latest FONDOMICRO survey (2014)¹⁷ highlights that women were the majority (62.1 percent) of individual owners of MSMEs.

51.3%

Similarly, the Ministry of Industry, Commerce and MSMEs reports that 51.3 percent of the formal MSMEs in 2018 were managed or owned by women¹⁸.

However, women's businesses are generally smaller, less capitalized, at the bottom of the distribution chain, and their administrative management is weaker. In addition, women-led MSMEs have less tendency to grow: 80.6 percent of the respondents (FONDOMICRO 2014) continued to operate with the same number of workers with which they started. This "points to the different dynamics of women's companies, where the purpose of generating income is intended, but without affecting the other roles that women have as mother, wife and daughter, among others" (FONDOMICRO 2014: p. 32).

The FONDOMICRO survey (2014) also shows that younger MSMEs are primarily owned by women (60.3 percent)

while those with more than 10 years in operation are primarily owned by men (56.4 percent). In other words, women-owned enterprises show a lower probability of survival in the long term. Again, this seems to be due to the lack of public policies aimed at redistributing unpaid care work for other people to the rest of the family. The responsibilities of women towards the family constrain the time they can devote to their own economic activity, putting both the growth and the survival of the business itself at risk.

More broadly, a recent survey conducted by the Association of Commercial Banks in 2020 (ABA - Asociacion de Bancos Comerciales) points out that the lack of collateral and weaknesses in the management of the enterprise (such as informality, lack of information and deficiencies in business plans, among others) are the main obstacles, according to the surveyed banks, to the financing of MSMEs, which are much more relevant for women-owned MSMEs.

17 Ortiz M. et al., 2014. Micro, Pequeñas y Medianas Empresas en la Republica Dominicana, FondoMicro. Available at: <https://www.findevgateway.org/es/publicacion/2014/10/micro-pequeñas-y-medianas-empresas-en-la-republica-dominicana-2013>.

18 Sela. Inclusion Financiera de Mipymes en la Republica Dominicana (2018). Available at: <http://www.sela.org/es/centro-de-documentacion/base-de-datos-documental/bdd/33792/inclusion-financiera-de-mipymes-en-r-dominicana>.



Female shop worker, Santo Domingo Dominican Republic. (Jeffrey Isaac Greenberg 4+/Alamy Stock Photo)

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

2.1. THE MINISTRY OF WOMEN AND THE NATIONAL PLAN FOR GENDER EQUALITY AND EQUITY (PLANEG)

Dominican Republic adopted two fundamental public policies to accelerate the process towards achieving gender equality: Law 86-99 that creates a mechanism for the advancement of women at the highest governmental level, by instituting the Secretary of State for Women and the legislative mandate to design and monitor the National Plan for Gender Equity (PLANEG), based on which PLANEG I 2000-2005 and PLANEG II 2007-2017 were designed and implemented.

In 2010, following the promulgation of the new Constitution, the Secretary of State for Women became the Ministry of Women. The Ministry of Women is the body responsible for establishing norms and coordinating the execution of policies, plans and programs at the sectoral, inter-ministerial level and with civil society, aimed at achieving gender equality and the full exercise of citizenship by the women.

It is important to mention that the Ministry of Women and the United Nations Development Program (UNDP) implement the Gender Equality Seal initiative, a certification program aimed at promoting gender

equality and the economic and social autonomy of women in companies and organizations with the purpose of establishing a Quality Management Model for Gender Equality -MGIG- in the Dominican Republic.

PLANEG is the guiding instrument of the national gender equality policy. The PLANEG is designed through the broad participation of all related actors, in the search for the broadest view and the incorporation of the greatest number of convergent points on the equality between men and women.

PLANEG III (2020-2030) has been no exception. Government, civil society, political parties and activists, city councils and municipal officials, youth, legislators, the health sector, the education sector, unions, community and women's organizations, among many others, have placed their contributions in the construction of such tool.¹⁹

International experience has been another reference to take into consideration. The good practices developed in the regional environment of Latin America have also been considered when preparing the PLANEG.

¹⁹ Dominican Republic. National plan for gender equality and equity 2020-2030. Available at: <https://mujer.gob.do/transparencia/phocadownload/Publicaciones/Planeg/PLANEG%20III%202020-2030.pdf>.



Female stallholder Duarte, Dominican Republic. (Image Professionals GmbH/Alamy Stock Photo)

ECLAC technical support, followed by analysis of the experiences of countries such as Mexico, Uruguay, Ecuador and Peru have come to enrich the contents of the PLANEG.

The link with the Constitution, the National Development Strategy and the Sustainable Development Goals has been the approach that has guided the entire process, being clear that the fundamental frame of reference are these three key instruments for the public equality policy of the Republic Dominican. The constitutional framework established in 2010, which for the first time in its history specifies equality between men and women; the National Development Strategy, which contains two fundamental mandates: the transversality of the equality approach throughout its implementation and the elaboration of the policy established in its regulation 134-14, and finally the commitment of the Dominican State to the 2030 agenda and the Goals of Sustainable Development. This trilogy not only represents a public policy approach, but also a clear and precise operational guide and parameters to measure the success of its implementation.

In 2020, as a result of the efforts and interest of the Dominican Government in eradicating gender-based violence, the Dominican Republic received the first disbursement in the amount of EUR 1.5 billion from the European Union, corresponding to the Budget Support Program: Coordination in Prevention of Gender Violence in line with the Sustainable Development Goals (SDG) in the Dominican Republic (C-PREV).

In 2021, the Dominican government made a further commitment, internationally, to promoting gender equality. The Ministry of the Presidency with the Inter-American Development Bank and the Platform for Shaping the Future of the New Economy and Society at the World Economic Forum, have decided to eliminate the economic gender gap and established a Country Accelerator on Closing the Gender Gap. The goal of the Accelerator is to increase the number of women in management positions, reduce the gender gap in remuneration, and increase the participation of women in the labour force. Closing the Gender Gap Accelerators are currently active in nine countries across three global regions. The goal is to replicate the model in different geographic areas and build a global network to accelerate gender equality.

2.2. REGULATORY INNOVATIONS AND PUBLIC CREDIT PROGRAMS FOR (WOMEN-OWNED) MSMEs

In recent years, the lawmaker and the government have been making efforts in providing a more supporting

regulatory framework for the financial inclusion of MSMEs. Some examples include:

- > Factoring Law Project;
- > Reciprocal Guarantees Law Project; and
- > New legal framework for Movable Asset Guarantees (2020).

Moreover, in July 2021, the government enacted a new law that transformed the late public exports bank into a new development and exports bank (BADEX). The bank will become a financial intermediation entity with the capacity to provide a wide range of first-tier and second-tier financial services intended for MSMEs. The services will include, among others, longer term finance for MSMEs at favorable conditions, second-tier loans, guarantee funds, factoring to export, export insurance, and credit for exporting MSMEs.

With regards in particular to the access to credit of women (and women-owned MSMEs), several public institutions channel an important part of the resources under their charge to low-income women. Women represented 71 percent (in 2018) of the clients of Banca Solidaria, the first-tier lending arm of PROMIPYME (see below), and 51 percent (in 2017) of the loans granted by the Fundación Reservas del País, a government-owned organization. Also, the program of conditional transfers “Progresando con Solidaridad” has a project “Mujeres SUPEREmprendedoras” intended for female owners of microenterprises. This project is part of the Gender and Financial Inclusion component and provides credit at preferential rates for production in conjunction with allied financial institutions (PROSOLI 2018). These three public initiatives have also support and technical assistance programs in order to increase the sustainability of the enterprises of women that receive these loans.

Moreover, the Ministry of Industry, Commerce and MSMEs (MICM) has a special program, with dedicated staff, meant to promote the financial inclusion of MSMEs, and special attention is paid to WSMEs. The main objectives are to increase financial inclusion, promote financial education, improve the conditions for the access to credit, raise awareness about the supply of financial services, and promote the creation of new entities such as guarantee funds or movable assets guarantee programs. The MICM is also responsible for the implementation of the national program for the financial education of MSMEs.

In terms of direct enterprise-level support, the MICM has 110 branches and offices throughout the country dedicated to financial advice and business development

services for MSMEs (i.e. Centers for Training and Advice to MSMEs). Moreover, under the umbrella of the MICM, the National Council for the Promotion and Support of Micro, Small and Medium Enterprises (PROMIPYME) offers credit with a focus on women-owned enterprises. Since the beginning of the credit program, PROMIPYME has granted more than 80 thousand (at 3 November 2021) loans, of which about 68 percent to women-owned MSMEs.

PROMIPYME tries also to increase its outreach and impact through the promotion and creation of joint programs with other public and private initiatives. As an example, in October 2020, in order to promote financial inclusion and banking for the poorest households and, especially for women, Banca Solidaria (i.e. PROMIPYME) and Progresando con Solidaridad²⁰, signed a cooperation agreement and allocated a special fund of 100 million pesos (about USD 1.8 million) to finance new ventures. More recently, in September 2021, PROMIPYME and the Special Fund for Agricultural Development (FEDA), signed an inter-institutional agreement with the purpose to implement a joint credit program to provide single mothers with entrepreneurship or small businesses and, to small and medium agricultural producers, the financial facilities and conditions to market their products.

Finally, the design and implementation of extended school days and preschool education seem to have been very positive for the growth of micro-enterprises led by women, while at the same time providing support for the work of care; as well as the actions of the General Directorate of Purchasing and Contracting in favour of the inclusion of women's micro-enterprises in public procurement.

3. FINANCIAL SECTOR

3.1. ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

Currently, the Dominican Republic does not have a high-level coordination body for financial inclusion or a National Financial Inclusion Strategy (NFIS). However, the Central Bank of the Dominican Republic (BCRD) is designing the first NFIS, and, in this regard, conducted in 2019 the first National Survey of Financial Inclusion with the objective to promote the consolidation of a more inclusive, open, accessible and financial system.

From the monetary and financial administration, various initiatives have been supported to increase the inclusive nature of the financial system, oriented fundamentally to the promotion of access to formal credit, among which the following stand out:

- > Promotion of access to productive credit, through the financing of MSMEs;
- > Approval of the Microcredit Regulation through which greater access to credit is achieved for the most vulnerable population segment;
- > Modifications to the Asset Evaluation Regulations to facilitate the conditions of accessibility to formal financing²¹.

Moreover, the Monetary and Financial Administration has promoted different policies (mentioned above) aimed at supporting, mainly, access to productive credit. These initiatives include Law No. 45-20 on Movable Asset Guarantees, and the draft Law on the System of Reciprocal Guarantees, and Factoring. Likewise, the Monetary Board has issued in the recent past several resolutions that seek to reduce costs to users for the maintenance and use of savings products in FIs. On the other hand, there are channels such as the Banking Subagents that have made it possible to bring the population closer to the services of the FIs, especially in locations where the possibilities for disposing of financial structures are limited.

In addition, the Central Bank of Dominican Republic has also worked on the elaboration of handbooks for financial education.

Concerning the collection of sex-disaggregated data by supervisory authorities, the Superintendency of Banks (SB)²² has collected sex-disaggregated data since 2012. The data refer to all customers of credit intermediaries, including commercial banks, credit and savings banks, credit and savings associations and finance companies. In 2021 the SB published the first longitudinal gender-based study (2013-2020) of borrowers in the credit intermediation sector (SB, 2021).

3.2. COMMERCIAL BANKS

MSME loans represent a large share of the loan portfolio of the banking institutions. According to data from the Superintendency of Banks of the Dominican Republic, in June 2021, the MSME portfolio of the supervised financial institutions represented 27 percent and 47 percent of the total portfolio and the commercial portfolio, respectively. In terms of number of loans, MSMEs represented 95 percent of the commercial portfolio.

Despite the role of commercial banks in serving the MSME sector, the share of women (out of the total

²⁰ Funded by the Dominican Government, the Progresando con Solidaridad program in the Dominican Republic seeks to generate options for improving household income and well-being.

²¹ It is about the assets that can be provided as collateral for a bank loan.

²² AFI member since 2021.

number of borrowers) that has received business credit from commercial banks is lower than the share of men (in 2020, the share of women was about 38 percent). More broadly, in 2020, out of the total loan portfolio of commercial banks, only 37.2 percent was allocated to women (compared to, for example, 47.3 percent for savings and credit associations) (SB, 2021).

However, a recent trend is that commercial banks have shown growing interest in the niche of female clients, with the BHD León bank's *Mujer Mujer* program standing out among others. The bank has seized a market opportunity to support WSMEs and developed a set products and services to improve access to finance and business opportunities for women in the country. BHDL's *Mujer Mujer* Program was launched in 2014 and provides a range of products, such as working capital and investment loans. With the understanding that women-owned businesses tend to look for non-financial services such as mentoring and business advisory, the bank developed, in part thanks to The Financial Alliance for Women (formerly the Global Banking Alliance for Women or GBA), a comprehensive set of products that include health and business insurance, credit cards tailored to women clients, and networking events. Financial services are then offered along with a set of advisory and assistance services, including a domestic violence desk. The program has a dedicated website. Concerning women-owned enterprises, the program offers several financial services: business deposit account, business loan, business credit card and insurance. They also provide training programs and legal, fiscal and strategic advisory services.

The program is also supported by international funding from the Inter-American Investment Corporation (IIC)²³. The IIC Loan, signed in 2019, is a senior unsecured debt obligation of up to USD 50 million or its equivalent in Dominican Pesos (DOP), with a five-year tenor. The loan will include complementary advisory services, which will support BHDL in their effort to become a market leader and role model for gender-targeted lending, through the Swiss EDGE Certification.

As a further example of the commitment of the banking system, Banco de Reservas, the largest commercial bank in the country, is also very active in supporting the financial inclusion and entrepreneurship of women. In 2018, almost half (46 percent) of the mortgage and consumer portfolio of the bank, was dedicated to women (Fernández W. 2018). As a initiative towards promoting female entrepreneurship, in 2020, the bank set up the Academy for Women Entrepreneurs (AWE) program, in collaboration with the US Embassy. The AWE program lasted 8 months and was launched by

Pretty Busy Club, a mentoring program for women entrepreneurs, with the support of Fundación Innovati, a foundation dedicated to the development of the culture of entrepreneurship and innovation. 36 entrepreneurs were selected from a group of 500 who presented their projects.

3.3. MICROFINANCE BANKS AND NON-BANK FINANCIAL INSTITUTIONS

Compared to other types of financial institutions microcredit entities and savings and credit associations are generally those with the highest percentage representation of women in their personal loan portfolios.

Banco ADOPEM, "The Women's Bank", has the highest percentage with 69 percent of loan portfolio dedicated to women (Fernández W. 2018), and women also represent 70 percent of its clients at a general level (Banco ADOPEM 2018). As an example of its commitment to serving the different women's market segments, Banco ADOPEM has recently developed the *Agromujer* loan program which takes into account the lack of guarantees of rural women entrepreneurs. Along with credit, women receive financial training, entrepreneurship courses, and technical assistance.

In terms of loan portfolio dedicated to women, Banco ADOPEM is followed by the Popular association (51 percent) and La Nacional association (49 percent), Banco ADEMI (48 percent), Asociación Duarte (48 percent) and the Banco de Ahorro y Crédito BANFONDESA (46 percent) (Fernández W. 2018).

4. INTERNATIONAL FUNDING

As a sign of the sector's ability to attract international funding, in 2020, the European Investment Bank (EIB) granted a EUR 10 million loan in local currency to Banco ADEMI to help the microfinance lender increase gender-specific lending to micro-enterprises in the Dominican Republic. The loan is expected to be used to provide 28,000 small business loans, and 50 percent of these loans to businesswomen as part of the 2X challenge. In addition, Banco ADEMI will continue to receive technical assistance promoted by the EIB, redirected to the management of the pandemic crisis.

Moreover, the U.S. International Development Finance Corporation (DFC) currently has USD 15.6 million invested in the Dominican Republic in projects that are supporting microfinance lending to women and other underserved communities.

23 IDB. BHD Leon Loan to Women Led PYMEs. Available at: <https://idbinvest.org/en/projects/bhd-leon-loan-women-led-pymes>.

EGYPT

Among the most populated countries in Africa with a burgeoning FinTech industry

1. INTRODUCTION

According to UN data, Egypt is among the most populated countries in Africa with a population estimated at 102 million people in 2020.

Based on the census conducted by the Central Agency for Public Mobilization and Statistics (CAPMAS) in 2017, women represented 48.4 percent of the total population and 22.5 percent of the labor force (15-64 age group). The number of female-headed households was recorded at 3.3 million out of a total of 23.5 million.

In terms of gender gap, Egypt currently ranks 108th out of 162 countries under the GII (2020), and 129th out of 156 countries under the GGI (2021). Overall, the MENA region is the region with the lowest female economic participation in the world and, with regards to the sub-index on economic participation, Egypt ranks 146th out of 156 countries. Based on the GGI, only 20 percent of women participate in the labor force and less than 7.4 percent of managers are women. Income and pay gaps also show great disparities where on average women's income is about 22 percent lower than that of men. In addition, following the Revolution in 2011 and subsequent economic downturn, barriers to business development have increased, with women remaining particularly vulnerable and marginalized.

33% With regards to financial inclusion, only 33 percent of adults in Egypt own a bank account with a 12 percent gap between women and men, as per Global Findex database (World Bank, 2017).

This figure is somewhat above the global gender gap average of 8 percent for developing economies. With regards to the MSME sector, businesses account for 38 percent of total employment and 33 percent of GDP. The estimated number of MSMEs is 6.4 million, of which only about 406,000 are in the formal sector. Women-owned MSMEs amount to about 40,000, without taking into account agribusinesses, and are concentrated mainly in small-scale manufacturing and tourism. The

estimated unmet demand of women-owned MSMEs in the formal sector stands at USD 283 million for credit and USD 246 million for potential deposits (IFC).

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

Recently and considering the low gender equality ranking, Egypt has put financial inclusion and women's economic empowerment high in its policy agenda. Economic and financial empowerment of women is stated as a priority by the Egyptian Government and is explicitly included in institutional documents and strategies.



Egypt subscribes to Goal 5 of the UN Sustainable Development Goals (SDGs) 2030.

In 2014, Egypt approved and adopted the Egyptian Constitution which includes several provisions referring to justice and equality. Article 11 establishes a basis for non-discrimination against women and affirms that gender equality should be guaranteed through civil, political, economic and social rights.²⁴

The Constitution also recognizes the role of the National Council for Women (NCW) as the body that should be consulted on advancing laws and regulations for women, the empowerment and enhancement of their role socially, culturally, economically and politically, and that should report any violation to the public authorities on matters related to their mandate.

In March 2017, the NCW launched the National Women's Strategy 2030 (NWS) which sets out a road map for the Egyptian society as a whole to work towards women's empowerment and gender equality. The strategy is based on four pillars:

- > Political empowerment and leadership;
- > Economic empowerment;
- > Social empowerment;
- > Protection.

²⁴ "The State shall take the necessary measures to ensure the appropriate representation of women in the houses of representatives, in the manner specified by Law. It grants women the right to hold public posts and high management posts in the state, and to appointment in judicial bodies and entities without discrimination. The State shall protect women against all forms of violence and ensure enabling women to strike a balance between family duties and work requirements. The State shall provide care to and protection of motherhood and childhood, female heads of families, and elderly and neediest women."

With regards to women’s empowerment, the goal is to develop women’s capacities to improve their job options, expand participation in the workforce, support entrepreneurship and achieve equal employment opportunities, including holding senior positions in both the public and private sector.

The NWS cites the Sustainable Development Strategy (SDS): Egypt Vision 2030, published in 2015. The document is a commitment to inclusive development and is built around the economic, social, and environmental dimensions with a vision that Egypt will “achieve a competitive, balanced, diversified and knowledge-based economy, characterized by justice, social integration and participation, with a balanced and diversified ecosystem, benefiting from its strategic location and human capital to achieve sustainable development for a better life to all Egyptians”.

The strategy includes 10 areas of intervention with objectives and KPIs.

3. FINANCIAL SECTOR

The formal financial system comprises private and state-owned banks as well as non-bank financial institutions (NBFIs) which are regulated and supervised by separate entities.

The banking sector comprises commercial, investment and specialized banks, and is supervised by the Central Bank of Egypt (CBE). On the other hand, NBFIs are regulated by the Egyptian Financial Regulatory Authority (FRA).²⁵

The main state-owned specialized financial institutions are the Egyptian National Post Office (ENPO), reporting to the Ministry of Communication and Information Technology (MCIT), the Micro, Small and Medium Enterprise Development Agency (MSMEDA), and the Agriculture Bank of Egypt (formerly known as Principle

Bank for Development and Agricultural Credit – PBDAC).

The fragmented regulatory system causes an equally fragmented reporting system. To help overcome the challenges related to data collection, the CBE recently signed a Memorandum of Understanding with the FRA to facilitate data sharing, and a similar protocol with the MCIT that enables the compilation of Egyptian National Postal Organisation (ENPO) data.

ENPO provides financial services, mainly savings, to low-income populations and holds more than 25 million saving accounts. MSMEDA provides loans to MSMEs directly or through MFIs, banks and NGOs, and the Agriculture Bank of Egypt is a state-owned bank which focuses on the agriculture sector.

3.1. ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

The CBE has taken on the role and responsibility to promote and coordinate financial inclusion, including addressing barriers that prevent women and women-led businesses to gain full access to financial services.

At the international level, the CBE is an AFI member since 2013 which has contributed to bringing financial inclusion at the top of the policy agenda.

At regional level, the CBE is an active member since inception of the regional Financial Inclusion Task Force (FITF) established by the Council of Arab Central Banks and Arab Monetary Fund in 2012 as the main mechanism to support policymakers and regulators in addressing financial inclusion issues.

²⁵ Formerly Egyptian Financial Supervisory Authority (EFSA).

TABLE 4: SPECIFIC TARGETS RELATED TO WOMEN AND GENDER EQUALITY BY 2030

INDICATORS	2015	2030
FEMALE LABOR FORCE PARTICIPATION	22.5%	35%
GGI	129	60
PERCENTAGE OF FEMALE-HEADED HOUSEHOLDS LIVING UNDER POVERTY LINE	26.3%	0%

In Egypt, the CBE has introduced several beneficial policies and initiatives to building an inclusive financial system and benefit directly or indirectly women-owned/ led MSMEs:

1. In 2016, the bank issued a guideline directing banks to increase finance provided to SMEs with the objective to reach 20 percent of the portfolio by 2020. In February 2021, the CBE further required banks to increase MSMEs financing from 20 percent to 25 percent and to develop strategies on how to reach the target which would be monitored on a quarterly basis²⁶.
2. Additionally, banks are required to set up units to provide financial services to the SMEs segment.
3. In 2017, the CBE and the NCW signed an MoU whereby they decide to work on issues such as setting targets for women's financial inclusion, as part of the NWS 2030.
4. In 2018, the CBE released a unified definition of women-owned businesses, in line with international best practices, for data collection purposes, and issued guidelines to banks to collect and report sex-disaggregated data to track changes in women's financial inclusion.
5. In 2019, the Egyptian Parliament approved the e-Payments Act. The law, drafted by the CBE, is intended to support the transition towards a digital-

oriented economy away from a system dominated by cash transactions. The law is mandatory for government and private sector entities and establishes that all payments to subsidiaries, suppliers, and contractors should be made electronically. With a mobile phone penetration rate above 100 percent and internet usage at approx. 40 percent, the country has an opportunity to expand DFS, which will enhance outreach to the financially excluded, especially women.

6. The CBE also established a data committee to define financial inclusion indicators and conducted both supply- and demand-side surveys for households and MSMEs, with data disaggregated by sex.
7. Subsequently, the regulator created a Centralized Financial Inclusion Data hub to collect data from all banks and Egypt Post through a secure, unified banking sector network based on national ID numbers. The objective is to improve the understanding of financial access and usage as well as gather data for underserved segments, including women.

²⁶ Egypt today. 2021. Egypt's central bank obliges banks to increase financing directed to SMEs to 25%. Available at: <https://www.egypttoday.com/Article/3/98945/Egypt-s-central-bank-obliges-banks-to-increase-financing-directed>.



Female factory workers, Belbeis, Egypt. (Claudia Wiens/Alamy Stock Photo)

8. As of 2012, the Egyptian Banking Institute (EBI), the training arm of the CBE, has developed the National Financial Literacy Strategy with the objective of improving financial literacy and ultimately enhancing financial inclusion. EBI established a National Financial Literacy Committee with different stakeholders such as CBE and FRA, banks, MSMEDA, NGOs and CSOs as well as international development agencies such as GIZ and the World Bank.
9. In 2019, the CBE founded the initiative NilePreneurs in collaboration with banks and universities which provides support to start-ups and SMEs in agriculture, manufacturing, and digital transformation. The initiative was piloted with Nile University and is currently active in 4 other universities.
10. The CBE incentivized banks to lend to MFIs and NGOs. "The amount of credit allocated to microfinance by banks, NGOs, and private enterprises rose to USD 876.4 million in the second quarter of 2018. During this period, microfinance client beneficiaries reached 2.9 million, out of which 70 percent are women."²⁷
11. In 2021, the NCW launched the Women's Empowerment and Financial and Economic Inclusion in Rural Egypt: COVID-19 Response Programme, in collaboration with the CBE and the support of UN Women Egypt, co-funded by the EU and The Netherlands. The project targets over 120,000 women in the governorates of Minya, Beni Suef, Assiut and Sohag with the objective of scaling up a previous initiative known as Village Savings and Loans Associations (VSLA) for women. The idea is to use modern technology to facilitate women's access to financial services. In addition, the project will support women-led MSMEs in rural areas through digital and financial literacy training.²⁸

3.2. COMMERCIAL BANKS

The Egyptian banking sector is currently composed of 39 banks categorized by the CBE into three groups: public sector commercial banks, specialized banks, private sector banks (including foreign branches).

As already mentioned, banks were required to increase their credit portfolio to MSMEs to 25 percent as of February 2021.²⁹ Some commercial banks have taken the initiative to actively promote WSME lending. Among them, the approach from Alexbank is worth a mention. Alexbank, a subsidiary of Intesa Sanpaolo Group, is one of the largest banks in Egypt with over 200 branches and a market share of 7 percent. The bank has taken an

active approach towards financial inclusion, especially through supporting MSMEs. Following the protocol signed between the CBE and the NCW, Alexbank was the first bank to sign a MoU with the NCW in October 2017. The agreement envisaged the implementation of measures that would enhance financial inclusion for women, especially in rural areas, in alignment with the objectives included in the national protocol and compliance with the Egyptian National Women Strategy 2030.

3.3. NON-BANK FINANCIAL INSTITUTIONS

The microfinance sector remains the most effective way to reach financially excluded population in Egypt. The segment is regulated by the legislation introduced in 2014, opening the market to commercial MFIs, which till then had been served exclusively by NGOs.

Microfinance data is published by FRA. As of the end of Q2 2021, the sector showed a total portfolio of approximately EGP 22.53 billion (USD 1.4 million) with a 30.82 percent growth compared to the same period in 2020. The number of active borrowers reached 3.3 million. Out of the 1,010 financial institutions, the vast majority are NGOs with only 13 commercial MFIs. Despite the limited number, the latter now account for 40.7 percent market share in terms of number of borrowers and 55.6 percent of portfolio volume.

62.2% Women account for 62.2 percent of the total number of borrowers and 47.3 percent of total portfolio confirming that the microfinance sector has a great potential to serve women.

²⁷ AFI. Integrating gender and women's financial inclusion into the central bank of Egypt's (CBE) framework. Available at: https://www.afi-global.org/wp-content/uploads/publications/2019-04/AFI_Egypt%20gender_AW_digital.pdf.

²⁸ AFI. Gender Savings Groups. Formalizing Village Savings Groups With A Gender Lens - Egypt Case Study. Available at: <https://www.afi-global.org/publications/gender-savings-groups-formalizing-village-savings-groups-with-a-gender-lens-egypt-case-study/>.

²⁹ Egypt today. 2021. Egypt's central bank obliges banks to increase financing directed to SMEs to 25%. Available at: <https://www.egypttoday.com/Article/3/98945/Egypt-s-central-bank-obliges-banks-to-increase-financing-directed>.

3.4. DIGITAL FINANCIAL SERVICES

While Nigeria and Kenya have been at the forefront of FinTech innovation in Africa, Egypt is currently home to a fast-growing sector which offers enormous potential for financial inclusion and access to finance, particularly for the more than 20 million women who remain excluded from the formal financial system. As mobile phone penetration increases also among women, DFS can play a role in enhancing women's access to financial services.

At the international level, Egypt has been included in the Financial Inclusion Global Initiative (FIGI), a three-year program implemented by the World Bank Group (WBG) in collaboration with the Committee on Payments and Market Infrastructure (CPMI) and the International Telecommunications Union (ITU)³⁰. The programme has been implemented in China, Egypt and Mexico and addresses three important issues related to financial access: (1) electronic payment acceptance, (2) digital ID for financial services, and (3) security.

At the national level, a number of initiatives have surfaced recently with the Arab Women's Enterprise Fund (AWEF)³¹ which was created in 2015 by the U.K. Foreign, Commonwealth & Development Office (FCDO), still DFID at the time, as a development program aimed at women's economic empowerment. AWEF stands out as a change agent through different partnerships within a burgeoning digital finance landscape.

- > Fawry is the largest e-payment platform in Egypt founded in 2008 and publicly traded as of 2020. Up to 2019, the majority of affiliated kiosks were owned by male agents and, in an effort to address the issue, Fawry partnered with AWEF and launched Heya Fawry, a female e-payment agent network, facilitated through lower capital and legal requirements. "From February 2019 to April 2021, the Heya Fawry initiative created over 300 job opportunities for female agents and enabled thousands of unbanked consumers to conduct an estimated 300,000 e-payment transactions."³² Fawry recently started working with LEAD, an MFI, with a dedicated Heya Fawry Microfinance Program to provide digital microloans to women-owned micro businesses.
- > AMAN for E-Payments, a subsidiary of AMAN for Non-Banking Financial Services and E-Payments, also partnered with AWEF to expand the female agent business model³³. In response to COVID-19, Aman for E-Payments started working with women through an agent App, an innovative solution, which allows women to become agents through downloading the Aman App on their smart-phone. The app collects

sex-disaggregated data regarding agents and their customers.

- > Tasaheel, an MFI, also worked with AWEF in an effort to increase the number of female customers within the Digital Financial Services Learning (DFSL). They developed short videos to increase women's digital financial literacy and hired "Digital Finance Services Learning Facilitators" to provide training. AWEF estimates that the service reached more than 80,000 female Tasaheel clients in 2 years.
- > In 2021, two MFIs, the Coptic Evangelical Organisation of Social Services (CEOSS) and Together Association for Development and Environment (TADE) also partnered with the DFSL program run by AWEF reaching a further 16,000 women.

3.5. OTHER FINANCIAL INSTITUTIONS

In Egypt, the private sector is also entering the market with initiatives directed to women and SMEs. Mezzan Investments is a gender-smart mezzanine private equity fund which will be launched in Egypt seeking to invest in the SME sector in Egypt in alignment with SDGs and gender-smart investment strategies.

“

Mezzan will work with Egyptian companies to develop a more gender-balanced approach which bridges the gender gap within companies, stakeholders and communities by providing hybrid financing to finance growth and capital restructuring needs.³⁴

”

30 he ITU has been funded by the Bill & Melinda Gates Foundation.

31 Gender Smart Investing in MENA, AWEF.

32 Afrikan Heroes. 2021. Egypt's Most Valuable Fintech Fawry Expands Heya Fawry, Its Network Of Women Agents. Available at: <https://afrikanheroes.com/2021/08/18/egypts-most-valuable-fintech-fawry-expands-heya-fawry-its-network-of-women-agents/>.

33 Raya Corp. A New Partnership between AMAN for E-Payment and AWEF to Empower 1,000 Women in the Poorest Areas. Available at: <http://rayacorp.com/a-new-partnership-between-aman-for-e-payment-and-awef-to-empower-1000-women-in-the-poorest-areas/>.

34 DAI. Gender-smart investing in MENA: An Egyptian perspective on strengthening investing strategies to empower women. Available at: <https://www.dai.com/uploads/AWEF-Gender%20Smart%20Investing%20in%20MENA%20report%20--FINAL%20-Nov%202021.pdf>.

4. INTERNATIONAL FUNDING

IFIs and DFIs are active in Egypt through different programs aimed at improving financial inclusion and supporting women's access to finance. Programs often combine financing with technical assistance in an effort to enhance skills and raise awareness amid the targeted segment.

Among the most relevant initiatives, IFC has launched the Banking of Women Program working with different partners and financial institutions worldwide to support them improve services to women-owned businesses. The program currently involves 29 banks on the investment side and 19 advisory projects and a total committed portfolio of USD 808 million. Within the program, IFC works with 5 countries in the MENA region and, in 2018, signed an agreement with Bank Misr, the second largest bank in Egypt with over 600 branches, to support them in expanding the number of women-owned/led MSMEs in their portfolio. The agreement has different components including market research on the needs of women in business as well as support in bringing micro businesses move to the formal sector.

EBRD promotes women's participation in business through the Women in Business Programme. The programme works with local financial institutions

through credit lines dedicated to women-led SMEs, support the development of tailored financial products, and provides training and other services. In Egypt, the EBRD partnered with National Bank of Egypt, QNB Al Ahli Bank, Tanmeyah, a commercial MFI, and more recently, in October 2021, with Reefy Microfinance Enterprise Services, another commercial MFI, with a loan agreement of EUR 4.3 million.³⁵

The Agence Francaise de Developpement (AFD) has provided a EUR 50 million (USD 55 million) credit line to MSMEDA with the objective of providing support to women's entrepreneurship. The credit line is offered in combination with a technical assistance facility of EUR 1 million (USD 1.1 million) to support the implementation of a proactive gender policy and the development of a wide range of financing solutions tailored to businesses run by women. MSMEDA is the key public agency in Egypt's ecosystem. It has been improving the MSME sector for 25 years by offering financial services and technical assistance. AFD's support to MSMEDA aims to help reduce inequalities by promoting women's entrepreneurship and creating job opportunities for women.

³⁵ EBRD. EBRD, EU and Reefy step up support for women entrepreneurs in Egypt. Available at: <https://www.ebrd.com/news/2021/ebrd-eu-and-reefy-step-up-support-for-women-entrepreneurs-in-egypt.html>.



Female farmer, Beni Suef, Egypt. (imageBROKER/Alamy Stock Photo)

MONGOLIA

A sparsely populated country with improving gender-related socio-economic indicators

1. INTRODUCTION

With approximately half of the 3.3 million rural population and around 40 percent of the workforce as nomadic livestock herders, Mongolia is among the most sparsely populated countries in the world.

Since its independence from the Soviet Union in 1990, the country has gone through a process of political and economic transition to a market economy and, today, faces important challenges such as the need to ensure a sustainable use of the abundant natural resources and to generate equally distributed economic growth.

With regards to gender equality, gender-related socio-economic indicators have improved in Mongolia over the past decade. The GDI³⁶ increased from 0.677 in 2005 to 1.023 in 2019 and the GII³⁷ decreased from 0.401 in 2005 to 0.322 in 2018 placing the country in 71st position out of 162 countries.³⁸

69th

In the Global Gender Gap Report (GGI), published by the World Economic Forum, Mongolia ranked 69th out of 156 countries in 2020 with a score of 0.716.³⁹

Despite the progress, women continue to face additional obstacles and challenges due to cultural and social norms and behaviors. A stereotyped gender division of labor largely persists, and women suffer from the challenges of a double burden of productive employment and unpaid domestic responsibilities. At the same time, the limited economic diversification leads to a scarcity of employment and a poor business environment for MSMEs, which further reduces opportunities for women. In general, women in Mongolia are less represented than men in the labor force as occupations are highly segmented by gender. Women also tend to earn a lower income than men with an average monthly salary was 82.1 percent lower that of men, as of 2018.

36 equality between genders.

37 The GII ranges between 0 and 1. Higher GII values indicate higher inequalities between women and men.

38 UNDP. Human Development Report 2020. Available at: <https://hdr.undp.org/sites/default/files/Country-Profiles/MNG.pdf>.

39 World Economic Forum. Global gender gap report 2021. Insight report. March 2021. Available at: https://www3.weforum.org/docs/WEF_GGGR_2021.pdf.



Female goat herder in the Gobi Desert, Omnogovi, Mongolia. (Peter Ptschelinzew/Alamy Stock Photo)

93%

In terms of financial inclusion, according to Findex 2017 data, 93 percent of the adult population hold an account at a financial institution, with a positive gap of -4 percent⁴⁰ towards women, and 20 percent have a mobile money account.

25%

Concerning the business sector, MSMEs contribute to 25 percent of GDP and account for >90 percent of businesses.

Eighty percent of all SMEs are micro-enterprises and over 50 percent MSMEs are located in the capital city. About 50 percent of SMEs have taken bank loans and only 13 percent have done so for capital investment purposes. SMEs face several constraints such as higher interest rates, fees, and collateral requirements compared to other Asian countries. Although women have higher university graduation rates than men, they are less likely to start a business or work in the formal labor market.

2. ENABLING LEGAL AND REGULATORY FRAMEWORKS

The national entities responsible for human rights and gender equality are the Ministry of Labour and Social Protection and the National Committee on Gender Equality (NCGE) which was established in 2005 to:

- > Coordinate activities on the formulation of policies, legislations, strategies and action plans;
- > Implement programmes and projects;
- > Raise awareness and build capacity; and
- > Monitor and evaluate initiatives and compliance.

In 2011, Mongolia adopted the Law on Promoting Gender Equality (LPGE) under NCGE's supervision. The LPGE has been implemented through two National Programmes on Gender Equality, the first for the period 2012-2015 and the second for 2017-2021, which include specific objectives, measures and indicators.

Within the framework of the LPGE and the National Programme, gender policies and strategies have followed across different sectors:

- > Environment Sector Gender-Responsive Policy (2015-2021)
- > Gender Strategy for the Organizations and Agencies under the Authority of Ministry of Finance (2016-2024)
- > Gender-Responsive Integrated Policy for Law

Enforcing Organizations under the Authority of Ministry of Justice and Internal Affairs (2018-2021)

- > Education, Culture, Science and Sports Sector Gender-Responsive Policy (2017-2024)
- > Population, Labour and Social Protection Sector Gender-Responsive Policy (2018-2024)
- > Construction and Urban Development Sector Gender-responsive Policy (2018-2025)
- > Food, Agriculture and Light Industry Sector Gender-Responsive Policy (2018-2025)

In 2016, the Parliament of Mongolia approved the Sustainable Development Vision (SDV) 2030 to render Mongolia a stable and multi-sector economy with a society comprised mainly of middle and upper-middle income classes that preserves ecological balance and democratic governance.



The SDV also includes a component on gender equality which is fully aligned with SDG 5.

In 2014-2018, the Government of Mongolia introduced labor market policies through Employment Promotion Programmes which target different groups, including owners of micro-businesses. Under the policy initiative, the country is currently implementing seven programmes including an entrepreneurship and microbusiness support program and a career guidance and counselling program. While these programmes do not specifically target women, they collect sex-disaggregated data on access which shows that, in most cases, an equal number of men and women have access. For instance, the entrepreneurship development program, which provides support for micro-entrepreneurship mainly by providing microenterprises with microloans, showed that in 2016 47.4 percent of beneficiaries receiving loans were female and 52.6 percent were male.

With regards to data collection and sex-disaggregated statistics, such as population, health, education, poverty, employment, empowerment, human rights, gender-based violence, and budget allocation for gender activities, the indicators were recently updated in 2019 and the database system is available on the 1212 website which provides statistics across different sectors and topics. Concerning the MSME sector, sex-disaggregated data is not yet available.

⁴⁰ A negative value indicates that a larger share of women than men have an account.

A definition of MSMEs has been established through the SME Act in 2007 with a categorization based on the number of employees and the annual turnover. However, no specific definition for women-owned/led MSME has been issued or published.

In an effort to promote and enhance the SME sector, the Mongolian government created the Small Medium Enterprises Development Fund, which has been operating under different forms since 1993 and today operates as a unit within the Ministry of Food, Agriculture and Light Industry. The objective of the fund is to strengthen the SME sector by providing long-term and concessional loans, facilitating exchanges of experiences among enterprises, and organizing activities to promote SMEs. The fund does not specifically target women-owned/led SMEs.

Despite improvements in policy and legal framework over the last decade, significant gaps remain in Mongolia to create an enabling environment for women's entrepreneurship. In particular, additional measures are required to fill policy and legislative gaps, provide technical and financial resources, and improve understanding and awareness of gender equality issues among politicians and policy makers, and mainstream gender topics across the government sector and the civil society.

3. FINANCIAL SECTOR ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

The regulation and supervision of the financial system in Mongolia is under the responsibility of two entities: the Bank of Mongolia (or Mongolbank) which oversees the banking sector currently comprising 14 commercial banks, and the Financial Regulatory Commission (FRC) for securities, insurance, NBFIs and Savings and Credit Cooperatives (SCCs).

With regards to NBFIs, the FRC is assigned the following functions (as detailed in their website): strategic policies, laws and regulations for market development, conduct microfinance market research, increase access to financial services, and issuance of licenses.

NBFIs include credit, factoring services, issuance of payment guarantees, issuance of tangible and intangible payment instruments (such as payment cards and electronic money), electronic payment services, money transfers, foreign exchange trading, trust services, investment in short-term financial instruments, investment and financial information/advice, financial intermediation activities.⁴¹

As of 2020, there were 532 licensed NBFIs with a total of 295 branches of which the majority (85.5 percent) operating in Ulaanbaatar.⁴²

With regards to SCCs, the FRC is also responsible for policies, laws, guidelines and procedures, to conduct research and analysis, and to increase access to financial services such as licensing and renewal. As of 2020, a total of 249 SCCs are listed of which 148 are in Ulaanbaatar and 101 are in rural areas.

The FRC became an AFI member in 2010 and the Bank of Mongolia in 2011. The membership underlines the commitment of Mongolia to enhance financial inclusion and, to that effect, in 2020, the two supervisory entities launched a Financial Inclusion Plan covering the period up to 2025. Access to finance for SMEs is included among the priorities in the plan. The strategic document does not include a specific focus on gender though yearly plans will set goals and KPIs specific to target women and women-owned SMEs.

The supervisory authorities have no specific regulation or directive to the supervised entities to increase or facilitate access to finance to SMEs.

3.1 COMMERCIAL BANKS

Within the banking sector, some institutions have launched specific products for women and other went as far as setting up a Gender Committee to work with customers as well as shareholders and employees to improve gender issues and services to female clients.

Among Mongolian banks, XacBank has introduced soft loans for businesses with high female participation, using internally set criteria to define a woman-owned/led SME: >51 percent owned by women, a woman-director is one the management team and at least 30 percent of votes in decision-making belongs to women.⁴³ Within this context, in 2019, XacBank signed a USD 30 million loan agreement with the Asian Development Bank (ADB) to support MSMEs financing, focusing on those owned by women and located outside Ulaanbaatar.

40 A negative value indicates that a larger share of women than men have an account.

41 Mongolia. Financial Regulatory Commission. Non-Bank Financial institutions. Available at: <http://www.frc.mn/p/522>.

42 Ibid.

43 Mongolia. Mongolia: Gender-Responsive Sector and Local Development Policies and Actions. Available at: <https://www.adb.org/sites/default/files/project-documents/50093/50093-001-dpta-en.pdf>.

The Trade and Development Bank of Mongolia (TDBM) also stands out among banking institutions for their efforts to improve access to finance for women-owned/led MSMEs. In October 2021, the bank signed an agreement with the International Investment Bank (IIB) for a loan facility of USD 15 million to provide funding to two specialized programmes, the Women Entrepreneurship Support Program (WESP) and Green Loan Program. Within WESP, the bank will provide access to finance along with financial literacy services such as training and networking opportunities.⁴⁴

3.2 NON-BANK FINANCIAL INSTITUTIONS

Within the NBFi segment, gender issues are a relatively new topic which has yet to gain momentum.

The Mongolian Confederation of Credit Unions recently launched the Women's Leaders Club to promote gender inclusion among members.

In the FinTech space, LendMN NBFi, a non-collateralized low-cost, consumer micro-loan service provider through an application, plans to launch a product for micro enterprises.

4. CIVIL SOCIETY AND PRIVATE SECTOR

The Asia Foundation, a non-profit international development organization headquartered in San Francisco, is providing a comprehensive set of support services targeting women through the Women's Business Center (WBC). The project opened in 2016 in collaboration with national implementing partners such as the Municipality of Ulaanbaatar, SOLUTEK System Inc., the Mongolian National Chamber of Commerce and Industry, Development Solutions NGO and Golomt Bank, and provides training and mentoring, networking, and information on access to finance.

5. INTERNATIONAL FUNDING

To support women empowerment and gender equality, Mongolia receives assistance from international organizations such as UNFPA, UNICEF, ADB, and WB.

With regards to the MSME sector, main donors include the German Development Agency (GIZ), the Japan International Cooperation Agency (JICA) and USAID.

In particular, JICA has a loan project to support SMEs through Mongolian commercial banks while USAID funded the Economic Policy Reform and Competitiveness Project that promotes competition and growth of Mongolia's cashmere, tourism, meat, and leather industries.

Specifically, regarding the improvement of access to finance for women-owned/led MSMEs, a few initiatives stand out that often involve collaboration with Mongolian financial institutions.

The Overseas Private Investment Corporation (OPIC) signed a commitment with XacBank to support access to finance for women-owned SMEs as part of an IFC-led syndication. The agreement falls within the Women Entrepreneurs Opportunity Facility, a partnership between Goldman Sachs 10,000 Women and IFC's Banking on Women program which aim to provide access to capital to up to 100,000 entrepreneurs.

OPIC also launched the 2X Women Initiative and recently announced that the agency surpassed the initial target to mobilize USD 1 billion. OPIC's commitments through 2X comprise more than 40 projects across the globe and specifically in Mongolia provided a loan enabling Goyol Cashmere, a women-owned and led business which primarily employs women, to expand its knitwear production business.

EBRD operates in Central Asia, including Mongolia, through the We-Fi 'Women of the Steppe' Programme which provides USD 114 million of investment as well as advisory and policy support to reach over 7,000 women-led SMEs. The Programme takes a holistic approach and is implemented through six components: financing for women-led SMEs, risk mitigation instruments to de-risk financing of local banks, technical assistance through advisory services, training, mentoring and coaching, network-building activities, policy reform and advocacy.

⁴⁴ IIB. IIB supports gender equality and sustainability in Mongolia with a loan to Trade and Development Bank (TDBM). Available at: <https://iib.int/en/articles/iib-supports-gender-equality-and-sustainability-in-mongolia-with-a-loan-to-trade-and-development-ban..>

PALESTINE

An active approach towards gender equality despite external constraints

1. INTRODUCTION

The Palestinian economy faces unique and challenging external constraints that hinder its development. The Israeli occupation, the restriction on people's movement, the lack of full control over the territory and the absence of a unique currency are all factors that thwart the prospects for growth and development.

Financial exclusion remains an issue which contributes to further exacerbate the economic growth potential. In 2016, the Palestinian Monetary Authority (PMA) conducted a study to assess the access to financial services which revealed a financial inclusion rate of 36.4 percent, with only 15.4 percent adult women owning a bank account against 42.1 percent for men with a similar gap for other financial products. In the case of outstanding loans from MFIs, the gender gap showed to be minimal with 2.8 percent for men and 3 percent for women.

Financial exclusion also affects MSMEs, which constitute 95 percent of businesses and contribute to approximately 16 percent of GDP. Despite his relevance, the sector remains highly underserved, with loans to MSMEs accounting for 17 percent of the total credit portfolio of banks and MFIs in 2016.

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

Palestine has recently taken an active approach towards gender equality, women's economic empowerment, and financial inclusion.

As a general measure to enhance policies and increase protection, Palestine established the Ministry of Women Affairs, dedicated to improve the status of women, youth, children, marginalized men and other groups. The ministry's role is to enhance Palestinian women capabilities so that they are better equipped to participate and contribute to the national economic, political and social spheres. Among the scope of the ministry is to protect women from violence, promote gender equality, including with policies related to integration in the labour market.

Specifically related to financial inclusion, the Ministry of Economy is also engaged with different measures that facilitate access to finance.

The Ministry of Economy established a definition of MSMEs with a categorization based on the number of employees and the annual turnover. While no specific definition for women-owned/led MSMEs has been developed yet, a unified MSME designation is a fundamental step to address and design effective financial inclusion policies.

In addition, the Ministry has enacted a specific measure in an attempt to eliminate barriers for women-owned/led MSMEs. While no formal and legal constraints exist, women face additional challenges compared to men when it comes to access to financial services. Among the main hurdles is the lack of collateral in the form of non-movable assets, which affects women more than men. In order to overcome the issue, the Ministry of National Economy established a registry of movable assets to facilitate the provision of credit to women. Nevertheless, the initiative has not yet had the anticipated outcome mainly due to the national political situation, which leads to a lack of trust in the registry from service providers. As the land designated as Palestinian Territories is not fully controlled by Palestinians, as is the case for Area C which remains under Israeli military control, movable assets may present issues in terms of enforceability in court and financial institutions still prefer to rely on non-movable assets.

3. FINANCIAL SECTOR

3.1. THE ROLE OF THE PALESTINIAN MONETARY AUTHORITY

The PMA is the national supervisory authority for the financial sector which regulates commercial banks, MFIs and moneychangers. The PMA became an AFI member in 2010, showing a clear commitment towards financial inclusion.

In collaboration with the PCMA, the PMA has the responsibility to advance financial inclusion in the country and to elaborate and implement the National Financial Inclusion Strategy (NFIS). The first NFIS was elaborated in 2018 and covers the period 2018-2025.

50%

The overall objective stated in the NFIS is to increase financial inclusion to at least 50 percent by 2025.

The strategy explicitly recognizes the role of women in achieving the goal and sets, among others, two relevant objectives that directly or indirectly target women-owned/led MSMEs:

- > Promote financial capability among women, youth and unemployed people;
- > Increase financial capability among MSMEs, with special emphasis on women-operated MSMEs.⁴⁵

The NFIS has an eight-year implementation plan elaborated on the basis of targets and sub-targets defined in an Action Plan.

In 2019, the PMA also published a Microfinance Strategy (2019-2023) which is aligned with the NFIS and aims at strengthening the sector to improve financial inclusion, especially for the most marginalized groups including women and rural communities.

In terms of specific measures, the PMA has introduced several instructions and guidelines:

- > In 2019, the PMA published Instruction No.6 on the Financial Inclusion Account. The provision specifies that banks should provide a bank account that includes basic banking services for low-income, financially excluded individuals, specifically women. The objective is to enable individuals with low and

medium incomes to access and use basic financial products. The account and the provision of a debit card are free of charge.

The following banking services are included:

- Deposit and direct cash withdrawal and deposit of checks for collection;
 - Deposit and cash withdrawal throughout ATM;
 - Internet banking;
 - Automatic payment of invoices from the account;
 - Issuing and receiving funds internally and externally;
 - ATM card; and
 - Prepaid card.
- > In 2020, the regulatory authority conducted activities related to financial inclusion, specifically launching the Financial Inclusion Website, in collaboration with the PCMA. The Arabic website is intended as a communication channel and a source of information on financial inclusion.

45 PMA. National Strategy for Financial Inclusion (2018-2025). Available at: <https://www.pma.ps/Portals/0/Users/002/02/2/Publications/Financial%20Inclusion%20publication/Palestine%20Financial%20Inclusion%20Strategy.pdf>.



Palestinian artist paints a ceramic tile in an Armenian tile workshop in East Jerusalem. (Eddie Gerald/Alamy Stock Photo)

- > In 2020, the PMA also made important progress towards the transition to digital payments and electronic systems to carry out financial transactions. In particular, the PMA developed a regulatory framework for licensing companies in the field of electronic payment services, including e-wallet and prepaid cards. In the same period, the PMA granted licenses to four e-payment companies, as part of the banking system under the PMA's regulation and supervision:
 - National Electronic Payment Company (Jawwal Pay) for e-wallet prepaid cards;
 - PalPay: e-wallet (My Wallet);
 - Middle East Payment Services: digital payment systems;
 - Malchat Electronic Payment Services: electronic wallet.
- > In collaboration with the Palestinian Banking Institute for content development, the PMA developed an SME Platform with the aim of providing knowledge support to SMEs. The platform is overall gender neutral but participation of women-owned MSMEs is encouraged through partner organisations. Through the platform, four MoUs were signed with local NGOs which include components dedicated to women to increase their capabilities and to help women-owned MSMEs enter the formal financial sector.
- > As a measure against the negative impact of the COVID-19 pandemic, the PMA introduced the Estidama Program (Sustainability, in Arabic) providing USD 300 million in financing to banks for on-lending to affected SMEs. Through the program, the PMA has reached 359 SMEs, of which 44 percent medium enterprises, 17 percent small enterprises and 7 percent microenterprises. A second phase of the Estidama Program was launched in May 2021 which included a USD 10 million tranche specifically dedicated to the microenterprise sector at 0 percent interest and loans up to USD 10,000 with a positive discrimination towards women-owned MSMEs in the form of simplified procedures that included also semi-formal businesses.
- > In connection with the impact of the global pandemic, the PMA plans to conduct a survey to understand the post-COVID-19 financial inclusion challenges which should provide additional insights with regards to the roadmap for women access to finance and DFS.
- > Finally, the PMA is undergoing a review of the Credit Scoring System to include a positive gender discrimination element thereby promoting women's access to finance. The system will include a gender variable which will entail a scoring of 1 for female and 0 for male. The new system will be launched by in early 2022.



Palestinian female smallholder. (Pacific Press Media Production Corp./Alamy Stock Photo)

3.2. COMMERCIAL BANKS

As of November 2021, the banking sector comprises seven local commercial banks and six foreign banks with a total of 379 branches across the Territories.

Commercial banks in Palestine have established partnerships and agreements with several international development and financial institutions with programs and credit lines specifically targeting women-owned/led MSMEs.

Bank of Palestine (BOP) is a prominent example of a commercial bank that has invested in MSMEs. The bank was established in 1960 and is one of the largest banks in Palestine, with a market share of >30 percent in both loans and deposits. The bank has the largest SMEs portfolio in the country and has entered into partnerships and agreements with different international institutions to enhance their participation in the segment.

- > In 2015, BOP signed with IFC an agreement to receive a credit line and technical support to develop products and policies to serve SMEs. In October 2015, BOP launched the Felestineya Mini-MBA program to enhance WSMEs business performance. The initiative includes access to financial products in combination with non-financial services, such networking, mentoring, and training.
- > With EBRD's Women in Business Programme, BOP entered into an agreement to support Palestinian women entrepreneurs as part of the COVID-19 response. The program aims at improving access to finance for women-led SMEs and enhancing their participation in the local market. The contract consists of a USD 15 million facility of which USD 2 million earmarked to women-owned/led MSMEs.
- > Finally, BOP will receive from EIB a USD 50 million credit line for overall response to the COVID-19 crisis and for on-lending to SMEs.

In addition, BOP developed a range of SME-tailored products such as equipment loans based on moveable assets, overdraft facilities, and other innovative products designed for women, including collateral-free loans and gold loans.

Besides financial products, the bank also pioneered financial literacy programs through workshops and training of bank staff, developed an online business toolkit to support SMEs and women in business. Along these lines, in November 2021, the Ministry of National Economy and BOP conducted awareness sessions for women owners of SMEs in different governorates. Among commercial banks, the National Bank is also contributing to women's financial inclusion with a

targeted fund of USD 3.5 million for WSMEs which offers 0 percent interest loans. Through their activity, the bank increased the number of accounts held by women to 35.5 percent of clients as of 2019.

3.3. NON-BANK FINANCIAL INSTITUTIONS

The microfinance sector in Palestine counts eight licensed MFIs which fall under the supervision of the PMA.

Among the MFIs, Asala for Credit and Development Company (ASALA) is the institution which has always had a clear focus on women and providing services that support poor women promoting their engagement in economic activities which can improve their living standards and social position. ASALA was established as a for-profit microfinance company in 2014 by the Palestinian Businesswomen's Association and the Palestinian Sharakat Investment Fund, though it has been operating as non-profit organization since 1997. In 2017, ASALA signed a USD 1.5 million loan agreement with SANAD Fund for MSME (SANAD) for on-lending to women-owned micro and small income-generating activities, mainly in rural areas and in agriculture.

4. CIVIL SOCIETY

In Palestine, NGOs play a critical role in supporting and enhancing the role of women. Some of the initiatives that stemmed from local organizations, often with the support from international entities, have been identified as examples of how civil society can be a driving force towards the empowerment of women.

- > The Palestinian Agricultural Development Association (PARC) is a partner of Oxfam International. In 1999, PARC developed a pilot Cooperative Association for Saving and Credit (CASC) which evolved, by 2005, into the Union of Cooperative Associations for Saving and Credit (UCASC) as a fully registered entity under the Ministry of Labor with the objective of promoting women's economic empowerment, support women in poverty to access financial services and develop income-generating activities. In 2013, UCASC became fully independent from PARC and, as of 2018, represents 12 cooperative associations across the West Bank, in 216 towns and villages and 5,375 individual members.⁴⁶ Ninety-five percent of members have gained control over financial resources leading to other opportunities such as buying land.

⁴⁶ Oxfam. Social enterprise, women's empowerment and access to finance MedUP! project, Ramallah, West Bank, OPT Palestine case study. Available at: <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620972/cs-womens-empowerment-finance-palestine-260320-en.pdf;jsessionid=5A4A5C9C36508E3EE394EB2DDFDB0D15?sequence=1>.

- > The Palestinian Working Woman Society for Development (PWWSD) was established in 1981 to support and empower working Palestinian women by increasing their participation in the labor market. To achieve their objective, PWWSD focuses on activities that address female unemployment, with a focus on income-generating projects, cooperatives, and trade unions. In addition, PWWSD intervenes in projects related to raising awareness on women's economic rights, labor laws and inheritance rights, and provides expertise and support in mainstreaming gender in policies, strategies and projects.

5. INTERNATIONAL FUNDING

The international community has an important presence in Palestine as the country strongly relies on international financial support due to the constrained political situation.

In December 2020, the EU and the Palestinian Authority (PA) established the EU-Palestine Investment Platform to foster policy dialogue between the PA, European Financial Institutions and other local and international stakeholders on how to better attract investment into Palestine. Within the context of the platform, the EIB signed seven agreements amounting to a total of USD 425 million to support Palestinian MSMEs, including deals with banks and MFIs for on-lending to businesses.

In addition, the PMA and the EU organized a working group on SME finance affiliated to the EU Palestine Investment platform with emphasis on SMEs, policies and legal frameworks that must be initiated to enhance access to finance.

With regards to women MSME finance and as a response to the COVID-19 pandemic, a UNDP initiative seems particularly relevant and innovative. The UNDP's Palestinian Accelerator Lab is testing an online platform to market women's products. The pilot consists in linking 20-30 women cooperatives and small producers to an online marketing platform, *yummy.ps*, to create an online store for traditional food products. The project originated as one of the impacts of COVID was that people started dining in and the idea was to support women-led MSMEs find a market for their product as well as promote and strengthen different supply chains, involving marginalized segments of the population such as small farmers, etc. The project is experimental in that it is also testing the use of digital technologies, such as mobile applications, e-payment, etc.

The Accelerator Lab partnered with the local NGO Bas Baladi, which markets women and small farmers' food products, to support the logistics of the project, through sourcing food products, ensuring quality, and advising women MSMEs on how to improve the quality of their product using feedback from customers.

The project constitutes also an interesting pilot in terms of digital technologies and DFS. The use of online payments in Palestine remains limited and access to international payment channels, such as PayPal, is restricted due to the political situation. The Accelerator Lab will be testing whether there will be an increase of the pay-in-advance options from customers of *yummy.ps* using local e-payment solutions like PalPay, the first Palestinian e-payment service provider established by BOP, and Jawwal Pay, an integrated e-wallet solution established in 2019 by the largest Palestinian mobile network provider, instead of cash-on-delivery.⁴⁷

47 UNDP. From Crisis to Opportunity: Leveraging Digital Economy Tools to Support Economic Recovery of Palestinian Women-led MSMEs. Available at: <https://www.ps.undp.org/content/papp/en/home/blogs/from-crisis-to-opportunity.html>.

PERU

An innovative microfinance sector with potential to enhance financial inclusion

1. INTRODUCTION

1.1. FINANCIAL INCLUSION

According to the WBG overview, Peru is among the six largest economies in Latin America with the fourth largest population in South America, with more than 32 million inhabitants, and witnessed solid economic growth over the past fifteen years and was able to endure the 2009 financial crisis with growth rates around 3 percent.

However, inequalities between the capital, Lima, the coastal area, the north of the country, and the Andean region remain an issue with the latter showing up to 70 percent of the indigenous population living in poverty. With important agricultural and marine natural resources, Peru's economy is reliant on the exploitation and export of these resources.

79th

Peru ranks 79th in the HDI 2019 out of 189 countries, with a score of 0,777, which put the country in the high human development category, as well as slightly above the average of the Latin American and Caribbean region (0.766).

Overall, poverty rates have reduced significantly in the 2000s, from 54.7 percent in 2001 to 20.2 percent in 2019 (National Institute of Statistics, INEI). The poverty rate stands at 40.8 percent in rural areas compared with 14.6 percent in urban areas.

Considering the GDI, Peru has worsened in the last year with a 0.957 index, below the average value for the Latin American and Caribbean Region of 0.978.

In terms of financial inclusion, the last report "Financial Inclusion, December 2020", published by the SBS, underlines that access to financial services has improved over the last five years, also thanks to the growth in the number of service points (agents, branches, ATMs and other establishments).



Woman carrying her baby at her back leading a herd of sheep in the field at Sacred Valley, Cusco Region, Peru. (agefotostock/Alamy Stock Photo)

However, the percentage of adult population benefiting from a credit product increased only slightly from 31.0 percent in 2015 to 32.8 percent in 2020, of which 51 percent are women (58.1 percent when considering the MSMEs sector only). Based on the latest information published by the World Bank regarding Universal Financial Access in Peru 2020, 43 percent of adults own a transaction account (34 percent of women and 51 percent of men). In the case of women, according to the World Bank Overview “Gender Gap in Peru” (2018), the lack of penetration of financial services appears to be related mainly to the high costs of accessing financial services.

1.2. WOMEN-OWNED MSMEs IN PERU

According to the Ministry of Production (Ministerio de la Producción), the total number of enterprises was 2.7 million as of 2019. The MSME sector represents 99.6 percent of the formal enterprises in the Peruvian economy, of which 96.0 percent are micro, 3.4 percent small and 0.1 percent medium enterprises. MSMEs create jobs for almost 59 percent of the active population. The informal sector is not included in these figures though it represents an important share of the market with 36.9 percent of unregistered MSME. Only 5.5 percent of MSMEs have access to financial services from the regulated sector.

39%

Women-owned enterprises represent 33.9 percent of the MSME sector.

37%

Despite the advances of Peruvian women in society, gender discrimination still persists with a 37 percent wage and income gap, a lower participation of women in the labour market as well as MSMEs owners.

Additionally, 76.1 percent of women work in the informal sector with consequent economic and social risks.

MSMEs have been especially vulnerable to the impact of the global pandemic due to lower productivity, lower access to the regulated financial system, and limited client diversification. The commercial Peruvian sector, where 75 percent of MSMEs are women-owned, have been one of the most affected.

In terms of access to credit to finance a business, the vast majority of MSMEs still use informal lenders, an issue which affects also WSMEs. Typical barriers to

formal accessing credit include high interest rates, lack of financial and digital training, limited business opportunities, and overall gender discrimination.

Overall, Peru is performing well in terms of regulatory framework and policies which promote women participation in the labor market. However, when considering other aspects related to entrepreneurship, the results are less encouraging. In the Mastercard Index on women entrepreneurial opportunities, Peru ranks 39th out of 58 countries, eighth out of nine countries in the region. Peru shows weaknesses in two areas: access to finance and conducive environment to entrepreneurship.

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

2.1. GOVERNMENT

The Constitution of Peru recognizes that every person is equal in the eyes of the law and forbids any form of gender-based discrimination. The Government is the institution responsible to oversee the application and respect of the principles set out in the Constitution.

The Law No. 28983 for Equal Opportunities between Women and Men establishes that the State has to take actions and adopt all the necessary measures to promote and guarantee equality between women and men for the purpose of eradicating all forms of discrimination. In addition, the Peruvian State is committed to parity and the prevention and eradication of violence against women in politics.

The Women and Vulnerable Population Ministry - MMIPV (Ministerio de la Mujer y Poblaciones Vulnerables) is the government entity responsible to promote equal opportunities, prevent any form of discrimination among the Peruvian population, protect women’s rights, and fight against violence on women.

In 2019, the MMIPV published the National Gender Equality Policy⁴⁸ to tackle the causes and effects of structural discrimination against women, in compliance with Peru’s international obligations on human rights and the national policies.

48 Peru. Decreto Supremo N° 008-2019-MIMP. Available at: <https://www.gob.pe/institucion/mimp/normas-legales/271118-008-2019-mimp>.

Among the strategic goals set out in the strategy is to guarantee that women should be able to exercise their economic and social rights. For each goal, the strategy indicates specific intervention indicators and guidelines. The main indicator related to women economic and social rights is to increase the income equality between women and men to 86.8 percent.

It is important to mention that the PNIG will be implemented through a Multisectoral Strategic Plan, approved by Supreme Decree No. 002-2020-MIMP (07.03.2021), which identifies the entities responsible to implement the plan, the specific areas of intervention as well as the monitoring and evaluation process.

The fourth objective “guarantee the execution of the economic and social rights of women” is related to the National Financial Inclusion Policy (PNIF, for its acronym in Spanish), approved by Supreme Decree No. N° 255-2019-EF, which has gender focus. The PNIF sets five objectives:

- > Generate greater confidence of all segments of the population in the financial system,
- > Have sufficient and suitable financial services to meet the needs of the population,

- > Mitigate the operational frictions of the market,
- > Develop telecommunication infrastructure and digital platforms to increase coverage and usage of financial services, and
- > Strengthen mechanisms for articulating institutional efforts.

The PNIF is implemented through its Multisectoral Strategic Plan (PEM, for its acronym in Spanish), approved by Supreme Decree No. DS N° 112-2021-EF, which aims at executing actions that will guarantee the financial inclusion of the population, considering gender, intercultural and territorial approaches, as well as the perspective on disability.

The following policy measures of the PEM have a gender approach and will promote the use of financial services by women:

- > Financial trainings for micro and small entrepreneurs, with a digital and gender approach. These trainings will be provided with the collaboration of private and public entities, including the Ministry of Production and local governments.



Peruvian flower seller. (hadynyah/iStock)

- > Communication strategy implemented by SBS with a gender approach, for different segments of the population in order to improve the financial capacities of the citizens.
- > Development of a financial training program regarding the access to credits; according to Law No. 31168 (2021), which promotes the empowerment of rural and indigenous women.
- > A financial training program developed by SBS with a gender focus and including youth, dependent and independent workers and elderly population, in order to improve financial knowledge and skills.
- > Strengthen the cash transfer programs. In this context, officials, who also train users, will receive financial trainings with a digital focus.
- > Finally, a measure to expand and improve the gender-disaggregated data and integrate it into a platform with georeferenced data that will facilitate the monitoring of financial inclusion in the country. In this regard, the purpose is to generate necessary evidence to define public policies that promote access and use of financial services for the most vulnerable populations, including women.

The Ministry of Social Development and Inclusion - MIDIS (Ministerio de Desarrollo e Inclusión Social) is the government agency focused on developing strategies aimed at vulnerable groups, including women. Its main objective is to improve the quality of life of vulnerable segments of the population, promote their rights and support their access to economic opportunities. The MIDIS coordinates and articulates the different entities within the public and private sector as well as the civil society, encouraging social programs to achieve their goals.

Within the framework of its National Strategy "Inclusion to Grow", the MIDIS promotes FONCODES, a program to finance and manage projects aimed at generating sustainable economic opportunities for rural households living in poverty and extreme poverty.

43.4%

According to the Ministry statistics, 43.4 percent of FONCODES projects are managed by women.

The Ministry of Production, through the national program "Your Company" (Tu empresa), offers business management, product development, financial assessment and formalization to MSMEs and entrepreneurs, free of charge.

WMSMEs are included as potential beneficiaries of the program.

2.2. NATIONAL FINANCIAL INCLUSION STRATEGY

In 2015, the Government published the National Financial Inclusion Strategy (Estrategia Nacional de Inclusión Financiera - ENIF) promoted by the Multisectoral Commission for Financial Inclusion (Comisión Multisectorial de Inclusión Financiera - CMIF) which is responsible for designing, implementing and monitoring the NFIS, by coordinating, consulting and granting public and private sector participation.

The NFIS explicitly defines women as vulnerable population and outlines actions and policies, mainly oriented to financial education. The strategy also highlights the need to promote and develop financial instruments for MSMEs, such as factoring, guarantee schemes and other credit and investment services.

The financial sector collects sex-disaggregated data which represents an advantage when designing and elaborating laws and programs directed at improving women's financial inclusion and supporting women entrepreneurship.

3. FINANCIAL SECTOR

3.1. REGULATED FINANCIAL SECTOR

In Peru, the financial system is highly formalized and caters primarily to well established, formal businesses. It is regulated by the Reserve Bank of Peru, (Banco Central de Reservas del Peru, BCRP) and supervised by the Superintendency of Banks, Insurance and Private Pension Funds - SBS (Superintendencia de Banca, Seguros y AFP), the independent entity, created by the Peruvian Constitution, with the function of supervising the entire financial system and authorize activities that involve collection of money from the public. SBS is one of AFI's earliest members having joined in 2009.

The regulated financial system is integrated by 53 institutions: Credit unions, Cajas Municipales de Ahorro y Crédito (CMAC - Municipal Savings and Loan Institutions), Cajas Rurales de Ahorro y Crédito (CRAC - Rural Savings and Loan Institutions), Empresas de Desarrollo de la Pequeña y Micro Empresa (EDPYME - Entities for the Development of Small and Micro Enterprises), banks and finance companies.

Regarding target markets, Cajas and EDPYMEs are mainly focused on the microenterprise segment, whereas banks and finance companies have traditionally addressed large commercial loans, although many of them have also entered the microfinance sector in

the last decades, and at present almost all regulated institutions offer microcredit products.

With this context, Peru has a mature and developed microfinance industry, considered among the most competitive and innovative in the world. The sector has experienced tremendous growth over the past decade, a direct consequence of the entry of several types of entities in the market, such as NGOs, banks and rural banks.

At the end of 2020, of the 53 regulated entities, 27 were specialized in microfinance, serving approximately 7.2 million borrowers (2.8 million MSMEs) and a total loan portfolio of USD 94.04 billion (USD 30.96 billion MSMEs portfolio) according to information published by the SBS.

Among financial institutions, some offer financial services to MSMEs with specific products or programs focused on women. Among them, one of the most successful programs is “Palabra de Mujer” (Woman’s word) of Financiera Confianza, a group lending program intended for low-income women (between 8 and 25 women per group) in both rural and urban areas. The program offers access to credit coupled with financial education.

COFIDE, the development bank of Peru, acts as a second-tier institution and is committed to the social, sustainable and inclusive development of the country and its population. For more than 25 years, COFIDE has provided funds and technical assistance to support the development of both early-stage and established MSMEs with the aim of strengthening business integration, productivity and competitiveness, as well as developing a private capital market for MSMEs. COFIDE manages several programs such as Fondo CRECER, Fondo MIPYME EMPRENDEDOR, FAE Mype, FORPRO, Reactiva Peru which focus on MSMEs, though not specifically on women.

3.2. NON-REGULATED FINANCIAL SECTOR

The non-regulated financial system consists of 15 NGOs which provide either individual or group credit to women and microenterprises.

“Credimujer” is a program of the NGO Manuela Ramos that through village banking fosters the empowerment and economic autonomy of women entrepreneurs. Thanks to this program, more than 17,000 Peruvian women have access to credit and capacity building activities to manage their business.

FINCA Peru is a specialized NGO focusing on women. Established in 1993, it has been operating through village banks for poor, female microentrepreneurs, giving them access to formal financial services. Clients are relatively young, have little formal education, and often have families to support. According to the last information available (2000) the loan portfolio of FINCA is between USD 650,000 and 700,000 with 6,023 active loans.

Pro Mujer Peru is one of Latin America’s leading organizations committed to empowering women. Founded in 1990 in Bolivia, and started its activity in Puno (Peru) in 1999, Pro Mujer has an integrated approach, offering access to finance, health, and educational services. These are delivered in digital and physical social spaces to foster community-building and equip women with the knowledge and tools to help them reach their full potential.

While the contribution of these NGOs to the total flow of credit to WMSMEs is minimal, they play an important role in reaching out to the most excluded and vulnerable rural and urban population with restricted access to formal financial services.

4. CIVIL SOCIETY

CARE Peru, an international organization, promotes equal opportunities for girls, youth and women. CARE’s projects focus on poverty eradication, improving food security, education quality, and access to health services for the vulnerable population, as well as, promoting women economic empowerment and access to water.

CARE Peru has recently started a project intended for women entrepreneurs, “Emprendiendo Mujer”, in alliance with CONFIANZA Financiera and Mastercard. The project offers an innovative financial product that combines credit, technical support, training in finance and business, and credit life insurance. The triennial project is expected to benefit 25,000 women.

PHILIPPINES

A negative access-to-finance gender gap, a higher percentage of women owning an account

1. INTRODUCTION

In 2020, the Philippine Statistics Authority (PSA) recorded a total of 957,620 registered business enterprises operating nationally of which 99.51 percent are MSMEs and 0.49 percent are large enterprises. Micro enterprises constitute 88.77 percent of MSMEs, small enterprises 10.25 percent, and medium 0.49 percent.

66%

According to the 2021 report “Gender Lens Investing in Southeast Asia”⁴⁹, women-owned MSMEs represents 66 percent of the total and is higher than men-owned MSMEs.

However, “women entrepreneurs face structural barriers such as limited access to financing, safety issues, family constraints, and lack of access to technology and training, and require support services”, such as training and Business Development Services (BDS) alongside financial services⁵⁰.

According to the financial inclusion study⁵¹ conducted by the Central Bank of the Philippines (Bangko Sentral ng Pilipinas, BSP) in 2019, 71 percent of the total adult population remained unbanked showing that financial inclusion still has a long way to go in the country.

32.9%

Interestingly, women display a higher financial inclusion rate than men with 32.9 percent of women owning an account compared to 24.2 percent for men. Women’s inclusion is mainly driven by Microfinance NGOs (MF-NGOs), whereas men hold a larger share of bank accounts than women (13.8 percent and 10.7 percent respectively).

According to the same survey, “the share of adults with outstanding loans is higher among women and in rural areas”. Based on the Asia-Pacific Economic Cooperation (APEC) publication “The APEC Women and the Economy Dashboard 2021”, women (27 percent) are more likely to have insurance than men (19 percent), while men are twice as likely to have an investment⁵².

2. ENABLING LEGAL AND REGULATORY FRAMEWORK

The Philippine Commission on Women (PCW) is the government entity responsible for policy making on women and gender equality matters. The commission is responsible for supervising, monitoring and updating the Philippine Development Plans for Women. The PWC acts as a clearing house and data base for information related to women; conducts gender awareness programs; integrates women’s issues in the country’s legislation; provides technical services and capacity building for Gender and Development (GAD) Plans, monitors the implementation of laws and policies on women, including international agreements such as the Beijing Platform for Action; implements pilot projects for service delivery to women.

The development of gender statistics is one of the key priorities of the 2020-25 GAD Plan. The Inter-Agency Committee on Gender and Children Statistics (IAC-GCS) is responsible for the production, dissemination and archiving of statistics on gender and children.

The PCW launched the Women’s Priority Legislative Agenda (WPLA), under the “The Magna Carta of Women” that specifically foresees that the “State shall take steps to review and, when necessary, amend and/or repeal existing laws that are discriminatory to women”. The agenda is in line with the Philippines’ commitment as a signatory of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

Finally, the PCW is responsible for the Gender Equality and Women’s Empowerment plan (GEWE). In the Expanded Economic Opportunities for Women section, the main goals are, among others:

- > enhanced capacity of women to sustain and scale up their business;

49 Published by Investing in Women and Value for Women in March 2021.

50 Investing in women. Gender Lens Investing in South East Asia, A Snapshot of Progress in Indonesia, the Philippines & Vietnam. Available at: <https://investinginwomen.asia/knowledge/gender-lens-investing-in-southeast-asia/>.

51 BSP. Financial inclusion survey 2019. Available at: <https://www.bsp.gov.ph/Inclusive%20Finance/Financial%20Inclusion%20Reports%20and%20Publications/2019/2019FISToplineReport.pdf>.

52 Ibid.

- > enhanced access of women-owned or women-operated enterprises to opportunities and benefits generated by Foreign Trade Agreements;
- > reduced poverty among rural women;
- > increased access of women to land ownership, resources and employment opportunities in the agriculture, fishery and forestry sector; and
- > increased access of rural women to credit and financial services.

Having the PCW to coordinate and facilitate all stakeholders towards a holistic enabling environment is key to identify and address the main hurdles faced by women and women entrepreneurs that ultimately could negatively impact financial inclusion.

3. FINANCIAL SECTOR

3.1. ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

With statistics showing a good gender balance regarding financial inclusion, the BSP does not prioritize women financial inclusion in their policy agenda but concentrates efforts on financial inclusion in general.

The BSP is among the first members of AFI since 2009. Even before joining the network, in 2007, the BSP

became the first central bank in the world to create a department dedicated to financial inclusion. Although the BSP conducts sex-disaggregated surveys to monitor financial inclusion, disaggregated data is not available from the supervised entities, except for credit cards. While the surveys generally show a limited gender gap, BSP recognizes that some factors may not be captured, such as loan application rejection rates or the reasons behind the over-representation of women in microfinance NGOs.

In 2016, the central bank introduced the Basic Deposit Accounts, a deposit product designed to meet the need of the unbanked and low-income sector for an affordable and easy-to-open account. The Basic Deposit Account has a low minimum opening amount of PhP 100 (USD 2), no minimum balance, no dormancy charges, and simple identification requirements.

More recently, BSP put digital financial inclusion at the core of its mission. With 120 percent SIM penetration, 59 percent smartphone and 55 percent internet usage, the central bank launched an ambitious three-year Digital Payments Transformation Roadmap (DPTR) aiming at the digitalization of 50 percent of the country's retail transaction volume and the financial inclusion of 70 percent of Filipino adults by 2023.



Female stallholder selling fish on street market in Manila, Philippines. (Nikada/iStock)

With respect to programs specifically targeting women, the Central Bank has only enacted a few initiatives considering the status of financial inclusion in the country. Among them, BSP is working with the French Development Agency (Agence Française de Développement - AFD), which committed a grant facility agreement of EUR 700,000 to support the Philippines' financial inclusion efforts, particularly among rural and women-owned businesses⁵³. The grant will support the BSP's efforts to promote the digitalization of rural and women-owned businesses, effectively regulate and supervise digital finance, and contribute to public policy work on agricultural insurance by leveraging innovative technology.

3.2. COMMERCIAL BANKS

Commercial banks in the Philippines are subject to quotas for lending to agriculture and innovation start-ups though with no specific provisions for women or women-owned/led businesses.

3.3. NON-BANK FINANCIAL INSTITUTIONS

Based on the 2019 Financial Inclusion Survey (FIS), MF-NGOs experienced a considerable increase in account penetration, growing from 8 percent in 2017 to 12 percent in 2019 at par with bank account penetration. Together with saving and credit cooperatives, the majority of their clients are women⁵⁴.

The PWC works with Saving and credit cooperatives and networks such as the National Association of Training Centers for Cooperatives (NATCCO) to provide trainings and to increase women's participation in cooperative assemblies and other leadership roles.

4. CIVIL SOCIETY AND PRIVATE SECTOR

Gender Lens Investing in Southeast Asia outlines three interesting initiatives from the Civil Society and Private sectors in the Country:

- i. Villgro Philippines is a business incubator committed to support women entrepreneurs and shifting mindsets among investors. In 2020, Villgro launched the WE Rise Accelerator Program to provide women entrepreneurs with an investment readiness training program and technical assistance including business mentoring.
- ii. In 2020, the Manila Angel Investors Network (MAIN), one of the first angel investment networks in the Philippines, entered a four-year partnership with Investing in Women, committing to provide catalytic investment capital to at least 10 women-owned and

⁵³ Published by Investing in Women and Value for Women in March 2021.

⁵⁴ Investing in women. Gender Lens Investing in South East Asia, A Snapshot of Progress in Indonesia, the Philippines & Vietnam. Available at: <https://investinginwomen.asia/knowledge/gender-lens-investing-in-southeast-asia/>.



Female worker at a recycling and materials recovery facility, Rizal, Philippines. (danilo pinzon, jr/Alamy Stock Photo)

women-led SMEs in the Philippines, diversify the angel membership to include more women investors, and expand their member services and activities. According to Investing in Women, it increased its women-led start-ups financing from 0 percent in 2017 to 18,2 percent as of Q1 2021, and its business angel members base from 0 percent to 29 percent over the same period⁵⁵.

- iii. In November 2020, the Macquarie Group joined forces with FSSI by investing approx. USD 1 million through the Macquarie-IW RISE (Responsive Interventions Supporting Entrepreneurs) Fund launched by Investing in Women that injects liquidity in Women-led SMEs with the aim of offsetting the negative impact of the COVID-19 pandemic.

5. INTERNATIONAL FUNDING

According to the National and Economic Development Authority (NEDA) of the Philippines, responsible to track the amount of Official Development Assistance (ODA) allotted for gender-responsive programs and projects, in 2020, approximately 78 percent of the USD 10.4 billion portfolio was gender-responsive and gender-sensitive, despite not being specifically centered around WSME's financial inclusion⁵⁶.

With the USD 15 billion pledge to the 2X Challenge, it is expected that additional international funding will be provided for WSME, including in the Philippines.

Impact investment managers are increasingly introducing a gender lens in their strategies. For instance, DFC extended a USD 20 million loan to WaterEquity, to provide access to clean water and sanitation services for underserved people, mainly women, in Cambodia, India, Indonesia, and the Philippines.

Based on the observation that “climate change is not gender neutral”⁵⁷, with palpable gender differences in outcomes such as women casualties in extreme events compared to men, or women's over-representation in agriculture, development banks, including the Climate Investment Fund (CIF) and Green Climate Fund (GCF), have introduced gender sensitive policies and apply gender criteria to their analysis and investment decision⁵⁸.

In the Philippines, CIF invested USD 250 million⁵⁹ and GCF invested USD 89,6 million⁶⁰. The gender standard applied does not specifically consider the inclusion of women-owned SMEs in the programs financed but considers the impact of those projects on women

in general, with criteria such as creation of green jobs for women or participatory and gender sensitive consultation processes for infrastructure design.

Between 2017 and 2019, the Intellect report⁶¹ identified eight gender lens investing deals in the Philippines. Private Impact Investors like Patamar, C4D, SEAF and Calvert Impact Capital were the most active with seven deals, the remaining was made by the Asian Development Bank. According to Investing in Women, “several other investors are beginning to apply GLI practices, such as using sex-disaggregated data and targeting women-led businesses for investment.”⁶² Hosting organisations such as the Asian Venture Philanthropy Network and Investing in Women contributes to accelerate GLI in the country.

In 2021, AFD committed to a grant facility agreement of 700,000 Euros to complement the Inclusive Finance Development Program (IFDP), an initiative supported by the AFD and the Asian Development Bank (ADB) through a EUR 100 million sovereign policy-based loan to the Philippines⁶³. The grant aims at supporting the country's financial inclusion efforts, particularly among rural and women-owned businesses.

55 Investing in women. Gender Lens Investing in South East Asia, A Snapshot of Progress in Indonesia, the Philippines & Vietnam. Available at: <https://investinginwomen.asia/knowledge/gender-lens-investing-in-southeast-asia/>.

56 NEDA. Official development assistance. Portfolio review report. Available at: https://neda.gov.ph/wp-content/uploads/2021/08/92321_2020_ODA.pdf.

57 CIF. Gender mainstreaming. Available at: <https://www.climateinvestmentfunds.org/mainstreaming-gender>.

58 DOF. The Philippine Sustainable Finance Roadmap. Available at: <https://www.dof.gov.ph/wp-content/uploads/2021/10/ALCEP-Roadmap.pdf>.

59 Climate Investment Funds. CIF Gender action plan - Phase 3 (FY21-24) Revised. Available at: https://www.climateinvestmentfunds.org/sites/cif_enc/files/meeting-documents/ctf_scf_22_7_rev.1_cif_gender_action_plan_phase_3_final.pdf.

60 GCF. Gender policy. Available at: <https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>.

61 GIIN. The landscape for impact investing in southeast Asia. Available at: https://www.intellectap.com/wp-content/uploads/2018/12/GIIN_SEAL_full_digital_webfile.pdf.

62 Investing in women. Gender Lens Investing in South East Asia, A Snapshot of Progress in Indonesia, the Philippines & Vietnam. Available at: <https://investinginwomen.asia/knowledge/gender-lens-investing-in-southeast-asia/>.

63 Crowdfund insider. 2021. Central Bank in the Philippines and French Development Agency to Support Financial Inclusion Initiatives. Available at: <https://www.crowdfundinsider.com/2021/09/180540-central-bank-in-the-philippines-and-french-development-agency-to-support-financial-inclusion-initiatives/>. <https://www.crowdfundinsider.com/2021/09/180540-central-bank-in-the-philippines-and-french-development-agency-to-support-financial-inclusion-initiatives/>

SOLOMON ISLANDS

A scattered geography with potential to exploit digital financial services

1. INTRODUCTION

With only 26 percent of the adult population having a bank account⁶⁴, the Solomon Islands still have a long way to go to reach full financial inclusion⁶⁵. As of Q1 2020, according to the Central Bank of Solomon Islands (CBSI), women represent 48 percent of total depositors though only 38 percent at banking institutions, while being disproportionately represented in saving groups and microfinance institutions.

In spite of an apparent gender parity, according to the Pacific Financial Inclusion Programme (PFIP) report, women face multiple barriers to access and use financial services due to socio-cultural norms, lower literacy rates, lack of access to information, distance to access points, and prevalence of male service staff at financial service providers.⁶⁶

12%

According to the same report⁶⁷, only 12 percent of women take a loan at least once a year and over 80 percent of women have not borrowed in the past year.

Women who do borrow are more inclined to turn to informal sectors such as money lenders or savings and loans groups in spite of the high interest rate charged (> 50 percent fortnightly interest) and concerning repercussions in case of default.

In addition, the following issues negatively impact the capacity of women to create and develop a business:

- > Approximately “73 percent of Solomon Islands’ land title is held by men, with only 2 percent of land in the hands of women. Additionally, tenancies can be insecure and difficult for women to obtain”⁶⁸.
- > Regarding access to education, “Women are almost twice as likely as men to have no education (14 percent and 24 percent respectively)”⁶⁹.
- > The majority of women entrepreneurs operate very small businesses or work as sole traders.

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

Several Ministries are involved in women-owned/led MSME’s financial inclusion:

- > Ministry of Education and Human Resources Development (MEHRD)
- > Solomon Islands National Council of Women (SINCW)
- > Ministry of Finance and Treasury (MoFT)
- > Ministry of Commerce, Industry, Labour and Immigration (MCILI)
- > Ministry of Women, Youth, Children and Family Affair (MWYCF), established in 2007, is responsible for signing international treaties on women’s rights and for the following policies and strategies:
 - The 2010 National Policy on Gender Equality and Women’s Development (GEWD), which led, in 2014, to the appointment of gender focal points at each ministry to support senior managers in gender institutionalization and mainstreaming.
 - The Elimination of Violence against Women (EVAW) policy.
 - The National Strategy for the Economic Empowerment of Women and Girl or Women’s Economic Empowerment Strategy (WEES). The first national strategy was implemented from 2015-2019 and reviewed in 2020 to assess its effectiveness across its five strategic focus areas. The strategy contributed to increase saving clubs established under the MWYCF, reaching provincial and rural communities. The second national strategy identifies key strategic focus areas: support gender mainstreaming as an approach to work with the entire of government system; address financial inclusion, especially targeting the informal sector; enterprise development and improved employment opportunities; create an enabling environment through legislation and policy changes; institutional strengthening of the MWYCF⁷⁰.

⁶⁴

⁶⁵ CBSI. Solomon islands national financial inclusion strategy 3 (2021-2025). Available at: <https://www.cbsi.com.sb/wp-content/uploads/2021/04/Solomon-Islands-National-Financial-Inclusion-Strategy3-1.pdf>.

⁶⁶ UNCDF. PoWER women’s and girls’ access and agency assessment: Solomon Islands. Available at: <https://uncdf-cdn.azureedge.net/media-manager/documents/103943?sv=2018-03-28&sr=b&sig=Ci1%2BzmwydwCHcGNhVtrLs7EyK%2F%2FO1Uccee8Kegjs6LU%3D&se=2022-06-29T21%3A20%3A45Z&sp=r&rsd=attachment%3Bfilename%3D08.06.20.PFIP-PoWER-SOLS-Report-May2020.pdf>.

⁶⁷ Ibid.

⁶⁸ UN Women. Solomon Islands. Available at: <https://asiapacific.unwomen.org/en/countries/fiji/co/solomon-islands>.

⁶⁹ Ibid.

⁷⁰ Solomon Islands. National Strategy for the Economic Empowerment of Women and Girls. Available at: <https://solomons.gov.sb/wp-content/uploads/2020/02/A-National-Strategy-for-the-Economic-Empowerment-of-Women-and-Girls.pdf>.

Despite government's efforts, the ratification of international agreements and the enactment of laws promoting gender equality, women's rights are still subject to customary laws, such as preventing them from inheriting in some provinces thus hindering their access to assets and, subsequently, to credit.

3. FINANCIAL SECTOR

3.1. ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

Since 2010, the CBSI⁷¹ prepares a quinquennial National Financial Inclusion Strategy (NFIS). In March 2020, a review of the 2016-20 strategy assessed progress made and prepared the third NFIS for the 2021-25 period.

89%

The review of NFSI2 highlighted that the targets for financial account usage were achieved at 95 percent for men and 89 percent for women. Financial literacy programs covered 74,000 participants, primarily women and youth.

However, results were significantly below target regarding formal credit users (64 percent of the 45,000 target) and saving groups (50 percent of the 43, 000

target). According to CBSI, key factors impairing financial inclusion in the country include geographical scattering, making physical branch presence costly and challenging; insufficient infrastructures, including digital infrastructure, slowing the development of DFS; weak financial literacy; and insufficient identification system and credit bureau. The latter was created in 2015 and, as of 2019, covered nothing more than 4.6 percent of the adult population. To help overcome this, in June 2020, CBSI signed an agreement with IFC to improve credit reporting, moving it to Comprehensive Credit Reporting (CCR) and to enhance access to finance for people and MSMEs.

Based on the findings of NFIS2 review, the third National Financial Inclusion Strategy (NFIS3) 2021 - 2025 set two national goals:

- > Increase active users of financial accounts from 283,954 to 400,000, of which 50 percent should be women;
- > Increase the number of access points from 825 to 1155;

71 Afi member since 2009.



Female stallholders selling fresh produce at Honiara Central Market, Solomon Islands. (Wirestock, Inc./Alamy Stock Photo)

and defined six strategic objectives:

- > Amplify reach and quality of DFS, products and channels. Alongside NFIS 3, CBSI launched its Inclusive Digital Economy Scorecard (IDES), a tool developed by the UN Capital Development Fund (UNCDF) to inform government policy by identifying barriers hindering the development of an inclusive digital economy;
- > Improve and promote MSME finance;
- > Include women, youth and rural adults as fully engaged participants in the national financial sector;
- > Build financial resilience in households and communities;
- > Build financial empowerment in ways that are motivating, actionable and relevant to daily life; and
- > Develop and implement a Data & Measurement Framework.⁷²

The strategy does not specifically differentiate amongst different target groups such as women, youths or people in rural areas. Although they may face similar obstacles, the document does not address the specific challenges faced by women and women-owned/led MSMEs, i.e. lack of collateral, perception bias from banking agents, time poverty, transport scarcity etc.

3.2. FINANCIAL INSTITUTIONS

The financial system in the Solomon Islands comprises four sectors:

- > Banking sector: 4 commercial banks and 2 credit institutions;
- > Superannuation sector with one provident fund bureau;
- > Insurance sector including 3 insurers, 4 brokers and 1 agent; and
- > Credit union sector with 10 Credit Unions 812 savings groups.

Except for savings groups, all others financial institutions are licensed, regulated and supervised by the CBSI.⁷³

The Superannuation Fund, called Solomon Islands National Providence Fund (SINPF), developed the youSave scheme for the informal sector where the majority of users are women (53 percent). The SINPF has long been an option for the employed sector to save for retirement though individuals who are self-employed (i.e. market vendors, farmers, taxi drivers, contractors, domestic workers, fishermen, etc.) have been excluded from joining the scheme. In order to correct this limitation, the fund introduced youSave for people who were unable to accumulate NPF savings deposited by their employer. To increase outreach, the NPF partnered with the Post Office which allows people to collect and withdraw savings. To further

⁷² CBSI. Financial inclusion strategy: 2021-2025. Available at: <https://www.cbsi.com.sb/financial-inclusion/financial-inclusion-vision-goal-roles/>.

⁷³ Ibid.



female selling mussels, Solomon Islands.(olli0815/iStock)

boost outreach and access, the CBSI coordinated the launch of the youSave LoMobile initiative, a service which allows youSave users to top up their savings any time anywhere through their mobile phones. The service forms part of the strategy to enhance DFS and is provided by SINPF in partnership with Solomon Telekom and Bmobile.

3.3. COMMERCIAL BANKS

Banks currently do not provide tailored products for women.

In 2021, the Ministry of Commerce launched a credit line for women and youth with the Development Bank of Solomon Islands (DBSI). Data on the outcome of the program still have to be collected.

3.4. NON-BANK FINANCIAL INSTITUTIONS

Among the saving clubs, some stand out for their focus on women:

- > West 'Are'Are Rokotanikeni Association (WARA), a women-led volunteer-run savings club with branches all over the country, sensitize women to budgeting and saving safely, thus contributing to include rural women.
- > Jorio Java Dovele Women's Association.
- > In Gizo, Western Province, the Gizo Environment, Livelihood and Conservation Association (GELCA) created a savings group which focuses on conservation and reliance on small activities to generate income and savings.
- > South Pacific Business Development Microfinance Ltd (SPBD SI) was incorporated in 2012 as the fourth entity in the SPBD network of MIFs in the South Pacific region and offers savings, credits and financial literacy training programs.
- > Within the digital finance space, digital saving and payment solutions are being developed. Outreach remains limited to date with 4,000 users for e-saving solutions and 1,600 e-payment ones. In order to inform government policy and identify barriers hindering the development of an inclusive digital economy, CBSI launched its Inclusive Digital Economy Scorecard (IDES). youSave LoMobile service reached 4,266 members with a value of airtime deposits of around USD 113,000.
- > EziPei Mobile Wallet is a mobile money e-wallet that provides banking services through any mobile phone and network. The service reached 1,632 clients with 40,485 transactions to date. EziPei is available in all Post Offices, EziPei agents and merchants located across the country.

4. CIVIL SOCIETY

The Solomon Islands Women in Business Association (SIWIBA) includes more than 185 active members from both the formal and informal sector in Honiara and around 700 members from women's business associations in three provinces. The association provides trainings, participates in task forces related to legislative reforms, operates a savings club, provides information via a radio broadcast, and organizes an annual Women in Business Awards night.

The National Council of Women (NCW), the NGO of the MWYCFA, was founded to represent women with a vision of "Women as Equal Partners in the Development of Solomon Islands". NCW encourages the participation of women in decision-making on the islands, reaches out to the provincial level through the Provincial Councils of Women (PCW) established in each of the nine provinces. The PCWs have further established Ward Councils of women at the ward and community levels.

The World Wide Fund for Nature (WWF) set up the Women's Microfinance Project which includes savings and lending clubs, with the support of John West Australia and with funding from the Australian Government. The project helped to establish 13 clubs on Ghizo and adjacent islands, with over 1,000 women members from 33 communities, resulting in the launch of 120 small business initiatives.

5. INTERNATIONAL FUNDING

The DFAT allocated a budget of USD 8 million to the Solomon Islands Gender Equality Plan within the Australian Government's Gender Equality Program for the period 2020-2022.⁷⁴ The program aims to increase women's role in leadership and decision-making positions, ending violence against women, and economic empowerment.

The Waka Mere Commitment to Action is a two-year initiative launched in 2017, led by IFC, which aims at promoting gender equality in the Solomon Islands private sector. The program includes 15 of the largest companies in the country with nearly 6,000 employees combined. The initiative pursues three objectives: promoting women in leadership, building respectful and supportive workplaces, and increasing opportunities for women in jobs traditionally held by men. Bank South Pacific and Pan Oceanic Bank are part of the program and committed to the second objective.

⁷⁴ DFAT. Solomon Islands Gender Equality 2020-2022 - Snapshot. Available at: <https://www.dfat.gov.au/sites/default/files/solomon-islands-gender-equality-plan-2020-2022-snapshot.pdf>.

SRI LANKA

First NFIS aims at advancing MSME access to finance

1. INTRODUCTION

According to the WBG Global Findex 2017, nearly 74 percent of the adult population in Sri Lanka own an account with a formal financial institution, higher than the regional average in South Asia of 70 percent, including India (36 percent excluding India).

According to the 2020 National Financial Inclusion Survey, there is no significant gender or regional disparity in account ownership. But account ownership is only the first step to financial inclusion. Whilst account ownership is high, usage of financial services from the formal sector is low, and women's participation is particularly poor.

According to the International Finance Corporation Women Entrepreneurs Finance Initiative (We-Fi), an estimated 14 percent of formal MSMEs in Sri Lanka are women-owned. The formal financing gap for women-owned MSMEs is estimated at USD 695 million⁷⁵ and the majority of these enterprises depends on the informal sector for financing.

17% While Sri Lankan women own nearly a quarter of the MSMEs, according to the IFC, most are micro enterprises, with the number decreasing radically as the business size increases. In addition, only 17 percent of women reported to have borrowed money.⁷⁶

High interest rates, collateral requirements and lack of formal documentation are the most frequently cited constraints for MSMEs to access finance in Sri Lanka, with many entrepreneurs obliged to borrow from informal financial institutions which charge even higher interest rates. NBFIs are the alternative to most informal mechanisms, such as loan-sharks and money lenders.⁷⁷

Sri Lanka also enjoys high levels of bank branch penetration, with a density of 16.6 branches per 100,000 adults as of March 2020, nearly twice the South

Asian average of 9.4 per 100,000 adults, according to the Central Bank of Sri Lanka (CBSL). Branches are evenly spread throughout the country, which can be partly attributed to government policies to expand access to banking outlets.

79% In terms of mobile penetration, the survey notes a clear gender gap in mobile phone penetration with 86 percent of men owning a mobile phone compared with 79 percent of women.

However, the use of mobile money is low, mostly due to the low uptake of smartphones allowing such transactions. The digital gender gap is also evident with just 1.2 percent of women using mobile money compared with 4.9 percent of men.

Regarding insurance, 21 percent of Sri Lankan adults reported having an insurance with no significant gender gap (21 percent of adult men vs 20 percent of adult women).

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

With the adoption of the Beijing Platform for Action, Sri Lanka has made efforts to improve gender equality through reforming the national legal framework and including gender-related policies in government action plans. The government recently updated a national action plan on women and has established a dedicated ministry for women's affairs.

The Ministry of Women and Child Affairs (MWCA) was established in 2015 and became in 2020 the Ministry of Women and Child Development, Pre-School & Primary Education, School Infrastructure & Education Services, and has under its responsibility the Sri Lanka Women's Bureau and the National Committee on Women, among other institutions related to children.

75 IFC. IFC We-Fi Project Briefs. Available at: https://we-fi.org/wp-content/uploads/2020/02/200212_IFC-We-Fi-Booklet_Digital-final.pdf.

76 IFC. IFC Supports Commercial Bank of Ceylon to Expand Access to Finance for Women and Women-Owned Small Businesses in Sri Lanka. Available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=18588>.

77 Sunday observer. The quest for financial inclusion in Sri Lanka. Available at: <https://www.sundayobserver.lk/2020/10/25/business/quest-financial-inclusion-sri-lanka>.

The National Committee on Women makes recommendations and provides assistance for the formulation of policies and laws that safeguard and promote qualitative Sri Lankan women's rights, and contributes to their comprehensive development, implementation, monitoring and evaluation.

The Women's Bureau developed different programs targeting women and Widows and Women Headed Households (WHH) providing, among other, income-generating opportunities for unemployed WHHs through the provision of counselling services, interest-free revolving credit schemes for self-employment projects, skill development projects and financial literacy trainings.

The National Framework for Women-Headed Households (2017-2019) has been designed mainly to improve the socio-economic situation of women affected by conflict. It implements programs aiming at supporting the economic empowerment of rural women and improving the employment opportunities of girls by encouraging them to enter technological fields.⁷⁸

The MWCA has been assigned 14 priorities. With regards to women, they include ensuring their security, providing relief to victims of unregulated microfinance schemes, and empowering them through trainings.

The Sri Lankan new Constitution draft aims at including women's rights in the Fundamental Rights Chapter.

To promote women's political participation, women benefit from a 25 percent quota in local government entities. Prior to the 2016 amendment, women's representation sat only at 2 percent. While Cabinet approval is being sought to provide 30 percent nominations for females at Provincial Council elections. In the 2018 elections, women represented more than 30 percent of the candidates for over 8,000 posts and the number of women in leadership roles increased significantly from 89 to 2,300 in 2018. In parliament however, in 2020, only 5.3 percent legislators are women.

78 UN Women. Sri Lanka commits to update national action plan, and sustain firm commitment to gender equality and women's empowerment (updated). Available at: <https://www.unwomen.org/en/get-involved/step-it-up/commitments/sri-lanka>.

79 CBSL. National Financial Inclusion Strategy for Sri Lanka (2021-2024). Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/NFIS%20Summary_%20English_2.pdf.

80 Global government FinTech. 2021. Sri Lanka unveils first financial inclusion strategy. Available at: <https://www.globalgovernmentfintech.com/sri-lanka-unveils-first-financial-inclusion-strategy/>.

81 CBSL. Development Finance & Access to Finance. Available at: <https://www.cbsl.gov.lk/en/financial-system/financial-markets/development-finance-and-access-to-finance>.



Female batik artists in their workshop, Matale, Sri Lanka. (Jan Włodarczyk/Alamy Stock Photo)

3. FINANCIAL SECTOR

3.1. ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

The CBSL became a member of AFI in 2010. In 2021, Sri Lanka has launched its first NFIS⁷⁹ developed on the basis of the results of a 2018 national financial inclusion survey conducted by the CBSL and supported by IFC. The survey, which took a gender-sensitive approach, helped identify the current status of financial inclusion and highlighted that low financial awareness, particularly with regards to DFS, is a common issue among both men and women.

The strategy is structured around four pillars:

- 1- Increasing access to digital finance and payments;
- 2- Boosting access to finance for MSMEs;
- 3- Consumers protection; and
- 4- Promoting financial literacy and capacity building.

Three 'core enablers' were identified: creating comprehensive and robust data collection mechanisms; improving and expanding the country's financial infrastructure; and developing policy tools and an 'enabling' regulatory environment.⁸⁰

More broadly, the CBSL is responsible for coordinating and implementing various initiatives:

- > **Refinancing schemes:** affordable finance for clients in the agriculture, animal husbandry and MSME sectors through a network of Participating Financial Institutions (PFIs), mainly licensed commercial and specialized banks. The funds are provided to individuals and entrepreneurs at concessional interest rates through PFIs. These schemes are funded by the government of Sri Lanka, the CBSL, donor agencies, and PFIs.
- > **Credit Guarantee schemes:** a partial guarantee for loans granted by PFIs, in case of default.
- > **Interest Subsidy schemes:** an incentive for PFIs to provide loans to priority sectors of the economy, compensating for the cost of funds.

82 Daily News. 2019. Nations Trust Bank applies for US\$ 50 million from IFC. Available at: <https://www.dailynews.lk/2019/03/28/business/181530/nations-trust-bank-applies-us-50-million-ifc>.

83 CBSL. Licensed Microfinance Companies. Available at: <https://www.cbsl.gov.lk/en/authorized-financial-institutions/licensed-microfinance-companies>.

84 ADB. Access to Credit Empowers Sri Lankan Women. Available at: <https://www.adb.org/multimedia/partnership-report2019/stories/access-to-credit-empowers-sri-lankan-women/>.

85 U.S. Embassy in Sri Lanka. United States commits USD 150 million to support small businesses and empower Sri Lankan women. Available at: <https://lk.usembassy.gov/united-states-commits-usd-150-million-to-support-small-businesses-and-empower-sri-lankan-women/>.



Tamil female working in tea factory near Nuwara Eliya, Sri Lanka. (hadynyah/iStock)

- > **Awareness and skill development:** focused on financial management, entrepreneurship development, training of trainers, and seminars for entrepreneurs.⁸¹

3.2. COMMERCIAL BANKS

As of June 2021, the regulated banking system consisted of 12 licensed commercial banks and 4 licensed specialized banks.

Nations Trust Bank (NTB), the seventh largest private bank in Sri Lanka, applied in 2019 for a facility from the IFC to expand its SME portfolio, with the option to use part of the funds to on-lend to women-owned SMEs, for which the bank would receive a performance incentive provided by the Women Entrepreneurs Finance Initiative (We-Fi)⁸².

The project consists of a USD 36 million syndicated loan and is the bank's first gender-based lending program. The performance-based incentive encourages NTB to increase lending to women-owned MSEs and requires NTB to earmark 25 percent of the loan proceeds for on-lending to women-owned SMEs.

In 2020, IFC also supported the Commercial Bank of Ceylon (ComBank), Sri Lanka's largest commercial bank, to develop products and services tailored for women. The finance facility is combined with advisory services as part of IFC's Banking on Women (BOW) program, which is supported by the government of Australia under the IFC-DFAT Women in Work program.

3.3. NON-BANK FINANCIAL INSTITUTIONS

A variety of institutions provide microfinance services in Sri Lanka, such as licensed banks, licensed finance companies, co-operative rural banks, thrift and credit co-operatives societies, Divinaguma banks and other community-based organizations, microfinance companies, non-governmental organizations that engage in microfinance activities. Licensed finance companies are regulated by the Central Bank and, as of June 2021, there were 4 licensed Microfinance Companies, 39 Licensed Finance Companies (LFCs) and 3 Specialized Leasing Companies (SLCs). Co-operative rural banks, thrift and credit co-operatives societies are regulated by the Department of Cooperative Development, while Divinaguma banks are under the supervision of the Department of Divinaguma Development.⁸³

NBFIs are prevalent in the Sri Lankan microfinance sector and provide services to more than 3 million depositors with a total deposit base of around USD 3.7 billion. The sector represents only 10 percent of the loan portfolio of the banking and finance industry.

4. CIVIL SOCIETY

Several NGOs participate in empowering women's entrepreneurship, such as the Women's Development Center (WDC) which works on various aspects related to women's protection and empowerment. WDC launched the social enterprise "Sthree" which provides a market for Sri Lankan women entrepreneurs to sell their hand-made products.

5. INTERNATIONAL FUNDING

In 2018, ADB implemented the Sri Lanka's Small and Medium-Sized Enterprises Line of Credit project, supported by a We-Fi grant and the Japan Fund for Poverty Reduction (JFPR). The project provides SMEs with access to finance, trainings, and mentorship to start or expand their businesses. The program operated through ten local banks reaching more than 1.7 thousand SMEs, out of which 27 percent were owned or led by women.

In 2019, an additional USD 71.9 million loan and USD 6.2 million We-Fi grant were disbursed. 47.2 percent of the SMEs reached were women-led, and 744 women were trained on business development under the technical assistance funded by JFPR and We-Fi⁸⁴.

In 2021, the U.S. International Development Finance Corporation (DFC) awarded USD 150 million in funding to Sri Lanka's DFCC Bank to bolster the local SME sector, strengthen private sector investment and support women entrepreneurs. In compliance with the 2X Challenge initiative, a portion of the loan will be directed towards SMEs owned or led by Sri Lankan women⁸⁵. In 2020, DFC provided a USD 40 million loan to SDB Bank (formerly Sanasa Development Bank) to support SMEs and 2X eligible women-owned SMEs.

Within the 2X Challenge initiative, in 2020, FinnFund and Norfund invested USD 7.5 million in Softlogic Life Insurance PLC. pioneering inclusive life and health insurance solutions in Sri Lanka. The company serves over half million low and middle-income customers by offering affordable insurance which contributes to increase resilience in case of unexpected events, such as the loss of a family members, helping women to retain their homes and maintaining the financial stability of the household⁸⁶.

⁸⁶ News Cision. Finnfund invests USD 7.5 million to strengthen the insurance coverage in Sri Lanka. Available at <https://news.cision.com/finnfund/r/finnfund-invests-usd-7-5-million-to-strengthen-the-insurance-coverage-in-sri-lanka,c3182685>.

ZIMBABWE

Between 2016 and 2021, the number of women-owned accounts increased by 2 million

1. INTRODUCTION

As of September 2021, the supervised banking and microfinance sector consisted of 19 banking institutions, 168 credit-only-MFIs, 8 deposit-taking MFIs, and 3 development financial institutions.

Over the last five to six years, access and usage of formal financial services and products continued to rise, largely driven by the increased adoption of DFS platforms, on the back of a high mobile phones penetration rate in the country.

However, the COVID-19 crisis has put a strain on the capacity of the sector to serve the most vulnerable sectors, including women.

MFIs have been the most affected. Between the end of 2019 and June 2021, average loans in arrears for over 30 days (PAR30) increased to more than 10 percent and the number of branches reduced by almost a third (-30.8 percent). A similar fate was shared by female clients which declined from 53.2 percent (39.5 percent in terms of loan portfolio volume) to 42.6 percent (38.3 percent in terms of loan portfolio volume). This dynamic is mostly explained by the impact of lockdown policies on the operational capacity of small businesses. Lending to the productive sector accounted for more than 69 percent in March 2021 but, since then, has reduced to about 53 percent.

Taking into account both banks and microfinance intermediaries, the situation appears to be less negative. The number of women with bank accounts increased from about 2.6 million as of 31 December 2020 to about 2.8 million as of 31 March 2021, consistent with the strong growth that began in December 2016 when the number of women-owned accounts was less than 0.8 million. However, the negative impact was on lending. Loans to women increased from 7.52% of the loan portfolio in December 2016 to 15.59% in December 2019. However, the share dropped to 4.82% in March 2021.



female collecting roses on a farm, near Harare, Zimbabwe. (Louise Bretten/Alamy Stock Photo)

Considering the MSME portfolio of commercial banks, while enterprise loans represented 81 percent of the portfolio (32.5 percent agriculture; 11.3 percent manufacturing; 10.9 percent distribution), the percentage of loans to MSMEs over the total was only 3.79 percent in March 2021 (similar to 3.57 percent in December 2016). Despite that, the number of MSMEs with bank accounts increased from about 71,000 in December 2016 to more than 152,000 in March 2021.

2. ENABLING LEGAL AND REGULATORY ENVIRONMENT AND PUBLIC POLICIES

2.1. THE GUIDING ROLE OF THE NATIONAL FINANCIAL INCLUSION STRATEGY

The NFIS represents the leading framework and tool for designing and implementing financial inclusion policies in Zimbabwe.

The first National Financial Inclusion Strategy (NFIS I) was launched in 2016 and ended in 2020, and was developed with some key stakeholders such as institutions, government ministries, government agencies, regulatory bodies, development partners, mobile network operators and business associations/networks.

The first step in the elaboration of the NFIS I was to identify the main barriers to financial inclusion in Zimbabwe from both the demand- and supply-side, as well as regulatory barriers. Some of these barriers are higher for women or women-specific, and include (RBZ, 2019):

1. Lack of adequate collateral security (i.e. lack of title deeds and, traditional property rights skewed against women) and credit history;
2. Lower levels of literacy or formal education (thwarting women from understanding formal financial services);
3. Limited awareness and lack of information on formal financial services (making women more likely to use informal finance);
4. Lower income levels and greater risk-aversion (leading women to opt for less-risk and quick-return businesses);
5. Likelihood to enter less capital-intensive and smaller-sized businesses (reducing both the demand for credit as well as the average size of loans);
6. Less time to devote to entrepreneurial activity (due to unequal gender division of unpaid labor/ activities);
7. Likelihood to use the company's profits for family expenses rather than reinvest them into the business;

8. Lack of or less access to markets;
9. Stringent KYC and borrowing requirements;
10. Weak consumer protection laws; and
11. Poor infrastructure, particularly in rural areas.

NFIS II (2021-2025) is underway and will seek to address the challenges and gaps noted in NFIS I, focusing mostly on the usage, quality and sustainability of financial services, FinTech and product innovation, and financial inclusion data disaggregation in line with the National Development Strategy I.

Similarly, concerning the barriers of the MSME sector (demand-side perspective): low-income levels in the MSME sector; uncertain income streams; lack of awareness of the financing options, products and services available to MSMEs and cooperatives; and high interest rates and fees charged by financial institutions.

Its four pillars were financial innovation, financial literacy, financial consumer protection and microfinance, with a focus on Savings and Credit Cooperatives (SACCOs) and Rotating Savings and Credit Associations (ROSCAs). The strategy also recognized the role of some important overarching financial inclusion enablers: a conducive macro-economic environment, institutional coordination and political commitment, infrastructure, a supportive policy and regulatory framework, and data availability.

In particular, the MSME financial inclusion strategies included:

- > enhancing entrepreneurial and financial skills,
- > value chain financing,
- > prudential and regulatory incentives,
- > capacity building for FIs,
- > stratification of MSMEs,
- > financial and consumer education,
- > availability and accessibility of a broad range of financial services and products,
- > linkages and relationships of MSMEs to industrial associations, and
- > use of movable assets as collateral (including remittances).

Of particular relevance is the clustering approach, according to which MSMEs are grouped by location and type of business with the aim of designing financial packages adapted to the specific needs of the cluster.

With regards to women financial inclusion strategies (taking into account women's multiple business and household needs), these included:

- > revolving women empowerment fund,
- > give priority to women entrepreneurs with regard to the provision of credit,
- > entrepreneurial education and training opportunities,
- > consumer education and financial literacy programs,
- > increase awareness of legal rights for property ownership (collateral),
- > capacity building for FIs to better serve women entrepreneurs,
- > increased procurement by government from women-owned MSMEs,
- > empower women's networks for policy dialogue,
- > develop collateral substitutes,
- > establishment of the Women's Bank,
- > self-assessment of FIs to determine if financial services and products address women's needs,
- > FIs to collect sex-disaggregated data,
- > ongoing policy and market research, and
- > simplified customer-due-diligence (CDD) measures when money laundering risks are limited (such as in the case of women).

2.2. THE MAIN STEPS AND MILESTONES IN WOMEN'S FINANCIAL INCLUSION JOURNEY

Zimbabwe is signatory to, and has ratified, several regional and international protocols, treaties, conventions and other instruments protecting and promoting gender equality (in general) and the empowerment of women and girls (in particular).

Moreover, in 2013, the Constitution of Zimbabwe was amended to include the recognition of women's rights, economic empowerment and the inclusion of women.

The national gender mechanism is also supported by Gender Focal Persons in all government ministries and parastatals, women's groups, the National Gender Commission, the National Gender Policy, and other institutions and structures promoting gender equality.

In support of the gender equality policy process, the ILO launched in 2014 the three-year "Joint Programme on Gender Equality, Zimbabwe" (JPGE). The program was intended to promote cooperation between the government, United Nations agencies, development partners and a range of different advocates of gender equality with the aim of assisting the government of

Zimbabwe in achieving its development goals (including MDG 3 on gender equality at the time). The JPGE would aim at capacity building and advocacy at the highest levels to lobby for gender mainstreaming and ownership in political and legislative development.

In 2005, the government established the Ministry of Women Affairs, Gender and Community Development (MWAGCD), which was later merged with the Ministry of Small and Medium Enterprise Development to become the Ministry of Women Affairs, Small and Medium Enterprise Development (MWASME) with the mandate to promote the participation of women through relevant legislation policy and programs in all sectors such as financial inclusion, access to local, regional and international markets and capacity building of women in various sectors. The ministry is also mandated to create an enabling environment for SMEs development through policies and programs such as access to markets, finance, workspace and technology, business management trainings, and business incubation.

In 2010, the MWASME established a Women Development Fund as a means of addressing the lack of collateral amongst women and the high interest rates charged by banks. The fund, which is administered by the Post Office Savings Bank (POSB) on behalf of the Ministry, offers group financing to women groups. Funds are accessed by groups of at least three members for the purpose of co-guaranteeing each other.

In 2018, the government, through the MWASME, established the Zimbabwe Women's Microfinance Bank (ZWMB) to empower women by ensuring access to loans at concessional rates. As of 31 December 2019, the ZWMB had more than 68,000 accounts and an outstanding portfolio of about 36,500 loans. The bank supports various value chains, with a special focus on the agricultural sector. Some of the financial products provided by the bank include joint liability group loans, micro-farming loans/micro-enterprise loans, SMEs business loans, micro leasing, value chain financing, and personal loans. The bank also provides a set of non-financial services, including business management, financial education, and financial literacy trainings.

Regarding other government agencies, the Zimbabwe National Chamber of Commerce, with its Women's Desk - Woman Owned Brand Label, supports women entrepreneurs in connecting with markets as well as encourage the market to identify itself with products produced by women-owned companies and at the same time obtain services from women-owned firms.

3. FINANCIAL SECTOR

3.1. THE ROLE OF CENTRAL BANK AND OTHER SUPERVISORY AUTHORITIES

Another major role in promoting the financial inclusion of women (and women-owned MSMEs) is also played by the Reserve Bank of Zimbabwe (RBZ), an AFI member since 2012, which is responsible of the implementation of the NFIS.

Within the framework of the NFIS I, the RBZ set up a Women Finance and Development Thematic Working Group to promote the development of innovative financial products for women and facilitate capacity building programs to complement access to financial services. Women-related issues are also deliberated in other thematic working groups such as Youth, SMEs and Financial Literacy ones. The working groups favored and promoted the establishment of women's desks and SME units in the banking institutions. These desks are meant to facilitate the development of tailored products and services for women and SMEs, as well as financial literacy programs, such as workshops, expos, shows, print and electronic media campaigns.

The working groups also favored the development of low-cost savings accounts with no strict KYC requirements that offer some basic banking services.

These accounts were intended for low-income people, of which the majority are women. Most banks have also developed tailor-made products and services for women, such as group lending, and digital platforms for community-based savings groups, also known as mukando.

In 2017, the RBZ established various funding facilities as seed funds to enhance access to funding for marginalized groups. The funds were accessible through banking and microfinance institutions at concessional interest rates. One of these facilities, the USD 15 million Women Empowerment Fund (WEF), sought to enhance access to funding for women-owned businesses. Moreover, the RBZ has partnered with financial institutions and development partners to implement value chain financing through a USD 10 million Business Linkages Finance Facility targeted at agricultural production.

87 These organizations include, for example, the Zimbabwe Women's Resource Centre & Network; Indigenous Business Women Organisation; Musasa Project; Women in Mining; National Federation of Business and Professional Women of Zimbabwe; Women in Business and Skills Development in Zimbabwe; Professional Women, Women Executives and Business Women's Forum; Women's Alliance of Business Association in Zimbabwe; Zimbabwe Women Layers Association and Zimbabwe Women Rural Development Trust, among others.



Drying fish in the sun in the fishing village of Musamba, Lake Kariba, Zimbabwe. (robertharding/Alamy Stock Photo)

Women are expected to benefit as they account for 86 percent of the rural population. In the same vein, stakeholders leading the implementation of the NFIS, in partnership with the World Bank, are championing the development of a robust warehouse receipt system which will help to address marketing and funding constraints for smallholder farmers and other commodity producers.

Concerning the collection of sex disaggregated data, in September 2016, the RBZ designed a template with financial inclusion indicators to facilitate the collection of disaggregated data from banking institutions on a quarterly basis. Banking institutions were then requested to submit their targets for lending and other financial products and services targeted at women, including accompanying capacity building activities such as tailored financial literacy and other training programs.

More broadly, in 2017, the RBZ re-established the Credit Guarantee Scheme in the Export Credit Guarantee Company. The scheme provides 50 percent of the collateral required by the lenders, thus unlocking access to credit for previously excluded MSMEs. In the same year, a centralized credit registry commenced operations. The previous individual systems are now lodged in the new credit registry. As of November 2021, the registry included about 380,000 individuals, and female borrowers accounted for 31 percent as of June 2020.

As a further credit enhancement mechanism, the Government is in the process of establishing a collateral registry for movable assets, to be managed by the RBZ, which is expected to boost access to finance small businesses. The registry is not yet fully implemented and functional due to some legal and technical issues.

Finally, the RBZ has been collaborating with key stakeholders in rolling out financial literacy and education programs. There are plans to make financial literacy a part of the school curricular.

3.2. OTHER INSTITUTIONS SUPPORTING WOMEN FINANCIAL INCLUSION

Besides banks and MFIs, SACCOs play an important role in supporting women's financial inclusion. Indeed, these root-based institutions created by a group of people with a common bond, which could be the same religious affiliation, occupation, or community group, whose objective is to save collectively, and offer credit to members. SACCOS are particularly active in rural communities.

Moreover, women's organizations and associations are also key actors to promote gender equity and equality⁸⁷ by offering advocacy services, protecting women's rights and advocating for female equality, empowerment and inclusion. They lobby government and other institutions on matters related to women's rights, empowerment, emancipation and inclusion. Some are also implementing partners and agencies for development partners such as UNDP, FAO, UNFPA, UN Women, UNICEF, UNAIDS, WFP and others.



female street vendor, Zimbabwe. (poco_bw/iStock)

CONCLUSION



female farmer cleaning or chaffing corn, Zimbabwe. (Chad Ehlers/Alamy Stock Photo)

CONCLUSION

While the role of MSMEs as a driver for economic growth and development is widely recognized, access to finance remains a key constraint that hinders and limits their capacity to unleash their potential, especially for WMSMEs which face additional challenges.

This publication based on the analysis of a group of 10 AFI members confirms that financial inclusion remains an issue across countries in all regions and that WMSMEs encounter similar demand- and supply-side barriers in terms of access to adequate financial services.

The countries included in the catalogue show that governments and financial regulators are active and engaged with policies and measures to create a suitable and an inclusive financial environment. Among the countries reviewed, some have put gender equality and financial inclusion at the forefront of their policy agenda (such as Zimbabwe), while others focus on MSMEs access to finance in general as the gender gap is not significant as in The Philippines.

In general, as presented in the summary section, all countries have taken some action under each of the six pillars presented in the report “A Policy Framework for Women-led MSMEs Access to Finance”.



Specifically, in terms of **creating an enabling environment**, countries have taken measures to recognize gender equality in their Constitutions (such as Costa Rica and Egypt), in a ministry or national entity dedicated to gender equality such as the Philippine Commission on Women or the Ministry of Women Affairs in Palestine as well as through the adoption of laws and national strategies that include gender equality among their objectives, as the National Plan for Gender Equity of the Dominican Republic and the National Gender Policy of Zimbabwe.

With regards to the financial sector, regulators have or are in the process of drafting a NFIS, which normally include MSMEs access to finance as a major component along with gender equality. Some financial regulators also issued specific directives to improve access to finance such as the CBE in Egypt with guidelines to banks to increase MSME portfolios to 25 percent.



In terms of **collection of sex-disaggregated data**, the majority of countries recognize the importance of accurate information for the design of targeted policies and collect sex-disaggregated statistics to various extents. Nevertheless, a lot more remains to be done in this area to ensure the availability of reliable data to inform and guide policy making.



The lack of **skills and trainings** remains a constraint that hinders WSME access to finance. The research shows that in all countries, initiatives have been introduced to provide trainings to WSMEs, as in the Dominican Republic where the National Council for the Promotion and Support of MSMEs (PROMIPYME) provides financial, training and advisory services to MSMEs, especially women-owned/led, and FSPs, as in Zimbabwe where the RBZ set up a Women Finance and Development Thematic Working Group to promote the development of innovative financial products for women.



The introduction of measures for **alternative sources of collateral** is currently being implemented in about half the countries in our assessment as in Costa Rica where the Legislative Assembly approved the new Movable Asset Securities Law, which includes various assets that can be used as collateral other than immovable assets. The success of these initiatives depends largely on the context where they are implemented as shown by the case of Palestine where the movable asset registry introduced by the Ministry of Economy is not as effective because of difficulties linked to the Israeli occupation.



In terms of **DFS**, Egypt stands out with a fast-growing FinTech sector supported by legislation as the e-Payments Act and numerous initiatives both in the private and public sector. DFS have a great potential to increase access to finance also in other countries such as Solomon Islands, with a scattered population across hundreds of islands, or Mongolia, where the majority of the population lives in remote rural areas.



Finally, the **participation of women in leadership roles** is a key area that can provide additional impulse to financial inclusion for WSMEs, as in Sri Lanka where the National Council of Women promotes the participation of women in decision-making or in Mongolia where the Mongolian Confederation of Credit Unions launched the Women's Leaders Club to promote a higher rate of women's membership.

The six pillars come under the additional section related to Gender Lens Investing as they contribute to spur and enhance the flow of funds towards the financing of WSMEs which is increasing globally through multiple initiatives and actors.

Overall, the anthology demonstrates that countries are taking measures to improve WSMEs access to finance and serves as a guideline for AFI members to assess their own level of intervention and to compare with peers. We recommend the catalogue to be used as a tool to encourage AFI members to draw ideas from peers within their region or globally, to draw lessons learnt and to share knowledge through exchanges and assessment.



GLOSSARY

AFI	Alliance for Financial Inclusion
FinTech	Financial Technology
FSPs	Financial Service Providers
GDP	Gross Domestic Product
MDG	Millennium Development Goals
MSMEs	Micro, Small and Medium Enterprises
NFIS	National Financial Inclusion Strategy
SCCs	Savings and Credit Cooperatives
SDGs	Sustainable Development Goals
SMEFWG	SME Finance Working Group
WSMEs	Women-owned/led MSMEs

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ANNEXES

TABLE 5: COUNTRIES AND KEY INFORMANT INTERVIEWS (KII)

COUNTRY	QUESTIONNAIRE	KII
East and South East Asia		
Philippines	Yes	Yes
Eastern Europe & Central Asia		
Mongolia	Yes	Yes
Latin America and the Caribbean		
Costa Rica	Yes	No
Dominican Republic	No	No
Peru		
Middle East and North Africa		
Egypt	No	No
Palestine	Yes	Yes
Pacific		
Solomon Islands	Yes	Yes
South Asia		
Sri Lanka	No	No
Sub-Saharan Africa		
Zimbabwe	Yes	Yes

TABLE 6: GENDER EQUALITY INDEXES AND FINANCIAL INCLUSION INDICATORS

COUNTRY	HUMAN DEVELOPMENT INDEX (2020)	GENDER DEVELOPMENT INDEX (2020)	GENDER INEQUALITY INDEX (2020)	GENDER GAP INDEX (2021)	ACCOUNT OWNERSHIP (% , 2017)	BORROWED FOR FARM/ BUSINESS (% , 2017)	BORROWED FROM FI (% , 2017)	SAVED FOR FARM/ BUSINESS (% , 2017)
East and South East Asia								
Philippines	0.718 (107)	1.007	0.430 (104)	0.784 (17)	38.9 (30.0)	13.4 (15.6)	10.5 (8.9)	24.7 (27.1)
Eastern Europe & Central Asia								
Mongolia	0.737 (99)	1.023	0.322 (71)	0.716 (69)	95.0 (90.8)	4.0 (5.0)	28.9 (28.9)	8.5 (9.2)
Latin America and the Caribbean								
Costa Rica	0.810 (62)	0.981	0.288 (62)	0.786 (15)	60.9 (75.5)	5.2 (6.8)	13.0 (15.3)	14.1 (18.8)
Dominican Republic	0.756 (88)	0.999	0.455 (112)	0.699 (89)	54.1 (58.4)	11.1 (18.5)	20.0 (25.5)	16.5 (25.7)
Peru	0.777 (79)	0.957	0.395 (87)	0.721 (62)	34.4 (51.0)	6.3 (10.1)	11.8 (17.7)	10.2 (19.0)
Middle East and North Africa								
Egypt	0.707 (116)	0.882	0.449 (108)	0.639 (129)	27.0 (38.7)	1.6 (4.9)	4.6 (8.1)	2.1 (6.9)
Palestine	0.708 (115)	0.870	0.452 (110)	N/A	N/A	N/A	N/A	N/A
Pacific								
Solomon Islands	0.567 (151)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
South Asia								
Sri Lanka	0.782 (72)	0.955	0.401 (90)	0.670 (116)	73.4 (73.9)	6.5 (6.2)	15.7 (13.9)	5.9 (10.1)
Sub-Saharan Africa								
Zimbabwe	0.571 (150)	0.931	0.527 (129th)	0.732 (47th)	51.7 (59.2)	6.3 (10.3)	3.0 (5.0)	18.7 (26.3)

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