



# **WE Finance Code** Guidelines for Funds



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# WOMEN ENTREPRENEURS FINANCE CODE

## Guidance Note

This guidance note is intended to help explain how Funds can participate in the Women Entrepreneurs Finance Code (the WE Finance Code or the Code).

For questions on these guidelines beyond Funds please visit [www.wefinancecode.org](http://www.wefinancecode.org).





# Introduction to We Finance Code

## Context

**There are 400 million women entrepreneurs around the world who have vast potential to grow, add value to the economy, and create jobs.** Yet they face significant obstacles, including an uneven playing field in accessing financing. Closing financing gaps for women entrepreneurs and women-led micro, small and medium enterprises (WMSMEs) would create \$5-6 trillion in potential value addition globally. For financial service providers (FSPs) this represents a \$1.7 trillion growth opportunity.

**Financing gaps for women entrepreneurs persist due to a complex set of supply-side (i.e., financial intermediary) and demand-side (i.e., enterprise) constraints.** On the supply side, constraints include poor understanding of the business case for serving WMSMEs and inadequate products and services for doing so. Underlying this is a lack of sex-disaggregated data and analytics that would facilitate the creation of tailored products and services to profitably serve women's businesses.

The WE Finance Code builds on growing recognition of these constraints and complements other initiatives by providing a practical solution, tools for FSPs and a framework for the wider ecosystem to work together at the country level and globally.

## What is the WE Finance Code?

**The Women Entrepreneurs Finance Code (the WE Finance Code or, simply, the Code) is a commitment by FSPs (including Funds, Banks & MFIs), regulators, development banks, and other financial ecosystem players to work together to increase funding provided to WMSMEs around the world.**

The Code aims to eliminate barriers so that women entrepreneurs can grow and create more value for the economy and their communities. It uses a data-driven, multi-stakeholder approach that aims to stimulate systemic change in how women entrepreneurs are financed.

The Code achieves its objectives by:

- ✓ Engaging leaders who can prompt action inside and outside of their organizations
- ✓ Catalyzing new financial and non-financial mechanisms to meet the needs of WMSMEs
- ✓ Mainstreaming the collection, analysis, and use of supply-side data on financing of WMSMEs
- ✓ Improving standards, policies, and regulations to address data gaps and financing constraints
- ✓ Mobilizing capital for financing and technical support for WMSMEs

*The Code was developed collaboratively with finance leaders from over 30 private and public sector organizations. It draws on lessons from the UK Investing in Women Code and builds on efforts to close finance and data gaps affecting women entrepreneurs. The Women Entrepreneurs Finance Initiative (We-Fi) coordinates the Code with its Implementing Partners (IPs) and other global partners including the Financial Alliance for Women, with support from We-Fi Donors and the Bill and Melinda Gates Foundation. A Global Advisory Group advises on global implementation and governance.*

**The Code is a global framework that is designed to be adapted to local contexts.** This gives countries flexibility in how they adopt and implement the Code. All countries, led by a coalition of national champions, are encouraged to bring a range of FSPs on board and create incentives for collaboration and change across the domestic financial system.

To participate in the Code, financial service providers sign a commitment endorsing the Code's goals and setting their intentions in three areas:

1. **LEADERSHIP:** Designate a senior leader to champion the organization's efforts to support women-led businesses.
2. **ACTION:** Expand and introduce additional measures that will support women entrepreneurs.
3. **DATA:** FSPs track a commonly agreed set of indicators on financing to W-MSMEs. Other Code participants work to expand the availability and use of supply-side data on the level of financing provided to W-MSMEs.

Regulatory bodies, industry associations, investors, technical service providers, financial infrastructure providers and donors, and other organizations in the national ecosystem are also encouraged to commit to the Code. They can contribute their domain expertise to improving data and analytics, products and services, and policy solutions that will ultimately increase finance for WMSMEs.

## Why participate in the Code?

**Signatories benefit from the Code's unifying power to align efforts, create reinforcing incentives, and maximize the impact of their efforts to increase financing for WMSMEs.** The Code also offers the following opportunities to help participants realize their Code commitments and celebrate them:

- ▶ Access research, knowledge, and data on financial inclusion and women's entrepreneurship
- ▶ Be recognized for their commitment to promoting access to finance for WMSMEs
- ▶ Participate in peer learning forums
- ▶ Access the Code's network across the financial ecosystem
- ▶ Use the Code's implementation toolkit
- ▶ Engage in global or regional events with Funds and other FSPs, policymakers, and other ecosystem players
- ▶ Display the WE Finance Code icon on websites and other communication platforms
- ▶ Access a full media toolkit that allows signatories to showcase their commitment

## A Flexible Approach

**While elements of the Code can differ from country to country, the following standards are upheld in every country piloting the Code:**

- ▶ A commitment to roll out the WE Finance Code nationally, adapting it to the local context while retaining key minimum guidelines
- ▶ Governance through a national coalition that oversees local adoption of the Code and ensures accountability
- ▶ Designated coordinator to oversee local Code implementation and interface with and report to the global Code
- ▶ A mechanism to aggregate data with integrity and in a format that will facilitate mainstreaming over time and can be reported globally
- ▶ It is also recognized that Funds, in particular, can operate at a country or regional level, so they can engage both through country coalitions, but directly through a global or regional partner of the Code [to be announced].

# 2

## Code Stakeholders



## Code Participants

Although each pilot country is expected to have a unique path to introducing the Code, there are commonalities across countries. The Code encourages broad participation across financial sector ecosystems, attracting the same types of participants in every country who play the same roles in establishing and implementing a national program for the Code.

**Financial Service Providers (FSP):** Any institutions providing direct financing to women-led businesses can participate in the Code. This includes:

- ▷ ***Venture Capital & Private Equity Funds***
- ▷ ***Angel Investment Networks***
- ▷ Banks (commercial or public-sector)
- ▷ Non-Bank Financial Institutions
- ▷ Microfinance Institutions
- ▷ FinTechs

FSP Code signatories make commitments related to leadership, action, and data. After a one-year grace period from signing, they are expected to report progress on their commitments and on the core Code indicators annually to a National Aggregator.

**National Actors:** Various types of national leaders in the public and/or private sector can champion the Code. This includes:

- ▷ Regulators
- ▷ Policymakers
- ▷ Industry associations

National actors should have four common characteristics: 1) A commitment to roll out the WE Finance Code nationally, adapting it to the local context while retaining key minimum guidelines; 2) Governance through a national coalition that oversees local adoption of the Code and ensures accountability; 3) A designated coordinator to oversee local Code implementation and interface with and report to the global Code; and 4) A mechanism to aggregate data with integrity and in a format that will facilitate mainstreaming over time and can be reported globally.

**Investors and other stakeholders:** Other stakeholders may also endorse the Code and make commitments related leadership, action, and data. Ecosystem partners are not required to collect and share data, but they are expected to support others using their own area of expertise, for example:

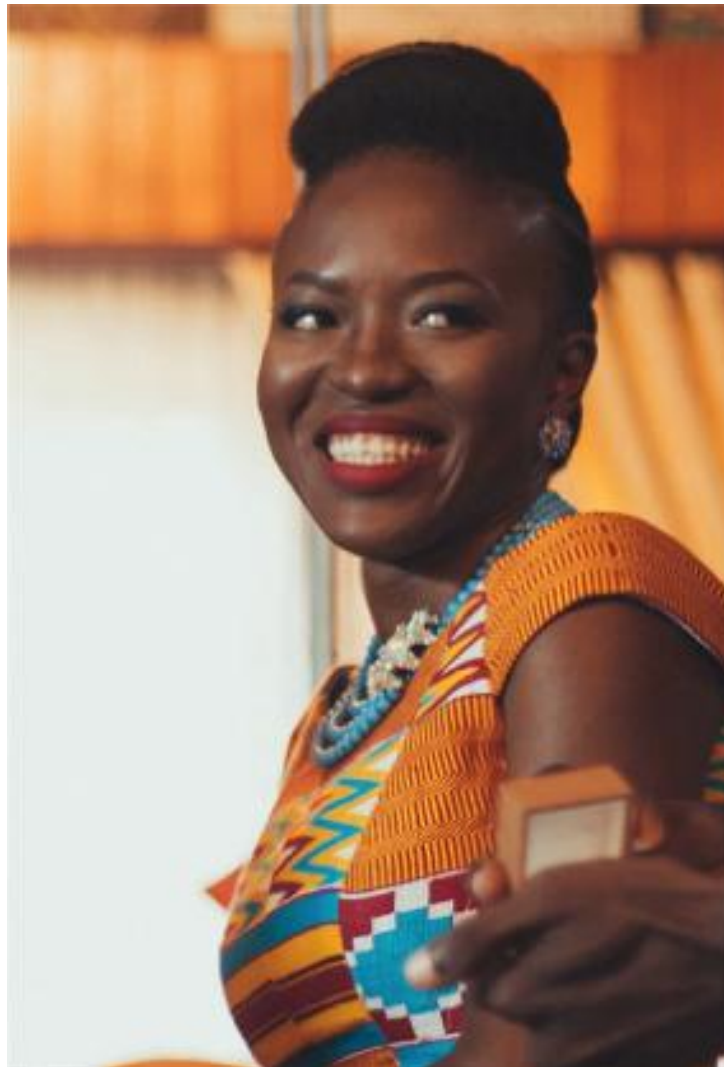
- ▷ Standard setters can play a role in establishing reporting guidelines, facilitate data collection, report on national-level findings, and promote harmonization and standards.
- ▷ Impact investors, and donors can provide capital and technical support to signatories, encourage clients/investees to participate in the Code, and support data work and peer learning.

If ecosystem participants are unable to become Code signatories, they may still participate, preferably by issuing a statement endorsing the Code that indicate how they will support the goals of the Code.



# 3

## How Funds Commit to the Code





## A. Instructions for Signatories

The centerpiece enabling Code participation is the letter of commitment which participants sign to formalize their endorsement of the Code's goals and their commitments to leadership, action, and data.

**The Code's global commitment letter templates** ([Funds Commitment](#) and [Ecosystem-Commitment](#)) can be adapted for local contexts, including creating separate letters for Funds, other FSPs and other ecosystem partner signatories. Ecosystem partner Code commitments are the same, except that Funds and FSPs are required to track core indicators, whereas ecosystem partners are asked to do what they can to support the collection, analysis, and use of data on WMSMEs.

woman as a champion, the person selected should be passionate about empowering women's entrepreneurship, a strong supporter of women inside and outside of their organization, and effective at driving change.

	Funds
Minimum required	Member of senior management
Strongly encouraged	Managing Partner / Asset Manager of a Fund

## B. Definitions & Indicators

### Commitment 1 - Senior leader to champion support of women-led businesses

By requiring senior leaders to serve as champions, the Code increases accountability and commitment to this work, as well as the visibility of women as leaders and entrepreneurs more generally. It is important to support and empower these champions in the financial sector as advocates for the Code and WMSMEs.

The National Coalition decides the level of seniority required for signatories' champions. The Coalition may also require signatories to name a more junior staff member to serve as the technical or data lead to coordinate with the National Aggregator on data reporting questions and needs.

Coalition members should encourage key women to become champions in participating organizations. While it is not required to name a



## Commitment 2 - Actions to increase WMSME finance

This commitment is the most flexible, as each institution decides the specific actions it can take to support women entrepreneurs and close financing gaps. It is also the most important, as this is where commitments can be made on activities that will most directly support and finance WMSMEs. Even if signatories do not commit to increasing finance for WMSMEs up front, the activities should contribute to the ultimate goal of the Code. It is understood that at the time of signing, some Funds may only be willing to make modest commitments.

A menu of commitment options provided in Code participation guidance materials can encourage certain actions, create consistency in commitments, and facilitate peer learning and working groups. The Code's global commitments menu, included in the Signatory Commitment letter template, can be adapted for country contexts. It includes categories of actions that Signatories indicate at the time of signing. Signatories are expected to provide more detail on these activities, including a brief description, expected outcomes, and key milestones, in the onboarding form. This list of activities can also be useful for coordination and identifying opportunities for collaboration and building reinforcing incentives among signatories.

Minimum required for all	Commit to at least one incremental action that contributes to WMSMEs accessing more finance and improving performance
Strongly encouraged for FSPs	Expand the level of financing committed for WMSMEs  Set and track WMSME financing targets  Expand non-financial services for WMSMEs  Improve analysis and use of data to improve products and services for WMSMEs
Strongly encouraged for Ecosystem	Provide leadership, resources, expertise to close finance and data gaps for WMSMEs in area of expertise



### Commitment 3 - Sex-disaggregated data to be reported

All Funds commit to collecting and tracking core indicators on financing provided to women-led firms. Other Code participants commit to supporting improved data collection and analysis in other ways. A Data Working Group can be established to make recommendations on the indicators and support implementation, including the National Aggregator, Funds, and other experts. Ultimately, the National Coalition should agree on how to define terms related to WMSMEs and if the national program aims to track indicators beyond the minimum five required.

**Establishing national definitions:** The Code does not impose definitions of “microenterprise,” “SME,” and “women-led/owned firm,” empowering national programs to establish a single set of harmonized definitions for Funds and other Code signatories to use at the country level. These definitions should be harmonized with global best practice. The one-year grace period for data collection offers an opportunity to engage key policy makers and regulatory bodies on establishing national definitions. While not recommended, countries can forego national definitions. In this case, Funds must disclose the definitions they use to ensure their definitions meet Code standards and the associated data fall within the scope of the Code (see Annex A).

**Setting indicators:** All FSP signatories of the Code

are required to report on core indicators, disaggregated by sex (women-led and men-led) and size (micro and SME). In the case of Banks and MFIs these indicators were selected for their ability to help most FSPs establish a baseline for lending to women entrepreneurs, track its growth over time, understand pipeline and performance constraints, and build the business case. They also help regulators understand if WMSMEs are inclusively financed. For funds, the core indicators were selected for their ability to help establish a baseline for investments in women-led businesses, understanding the deal flow pipeline and conversion process, successful exits or write-offs, and the composition of Investment Committee teams. (see table on following page)

The National Coalition decides which additional indicators, if any, it requires signatories to track and report. Countries and Funds are encouraged to consider additional indicators that help them better understand the terms of financing for WMSMEs compared to other MSMEs. FSPs track the number and volume of funds on each of these indicators (except non-performing loans) and disaggregate the overall MSME numbers by sex and size (micro and SME)

Other indicators may be needed which can be developed with the relevant industry association and oversight agency and in partnership with the Global Coordinator to harmonize minimum indicators for these groups. (See also Annexes B and C).

	Funds
Minimum required	MSME & Women-Led Enterprise Definitions are flexible allowing FSPs to use local definitions but must be disclosed and validated during onboarding.
	<p>Core Indicators to be reported on a sex-disaggregated basis:</p> <ul style="list-style-type: none"> <li>• Investments made in businesses (# &amp; \$)</li> <li>• Total businesses in the fund (# &amp; \$)</li> <li>• Successful exits and write-offs (#)</li> <li>• Deal Conversion Process (% advancing from DD to IC; % advancing from IC to investment)</li> <li>• IC members (# women/men)</li> </ul>
Strongly encouraged	MSME & Women-Led Enterprise Definitions: national or international definitions are recommended for harmonization.
	<p>Indicators to understand the composition of the fund and its portfolio:</p> <ul style="list-style-type: none"> <li>• Female &amp; male asset manager partners (#)</li> <li>• Female &amp; male employees (#)</li> <li>• Female &amp; male board members in portfolio companies (#)</li> <li>• Female &amp; male Sr management members in portfolio (#)</li> </ul> <p>Other Indicators: Future exploration on indicators to understand staff composition growth, retention, and mentorship opportunities in portfolio companies.</p>



# Track & Accelerate Progress



**Track &  
Accelerate  
Progress**

A key goal of the Code is to improve the collection, analysis, and use of supply-side data on financing of WMSMEs over the long term. There are several ways this can be done in the pilot country, bringing together IPs, the National Aggregator(s), and other partners to build the capacity of FSPs and other ecosystem players. Progress on this and other Code objectives are expected to be reported annually for five years, but the ultimate goal is for data collection and use to be mainstreamed across the financial sector to drive increased financing for WMSMEs. Future evaluations can assess the Code's impact.



## A. Strengthening Data Collection & Analytics

**Boost FSP capabilities:** IPs and others can provide technical assistance or take advantage of existing training opportunities, such as the Financial Alliance for Women's Gender Data Learning Series, to help FSPs, National Aggregators, and financial infrastructure partners improve their data and analytic capabilities. Business intelligence teams who produce the data and business managers who use the data can particularly benefit from training on collecting and analyzing sex-disaggregated data.

**Build capacity for National Aggregators:** Data aggregators that are collecting sex-disaggregated data for the first time may need support in building their systems and processes. Those that already have systems in place may also need support in aggregating and/or visualizing WMSMEs data. Few resources for building these skills exist, so training may need to be created or tailored to specific contexts. In addition to formal workshops, internal skill-building programs can include study tours or knowledge-sharing visits to peers in other countries. IPs may provide technical assistance to National Aggregators, as required, for data analytics, leveraging data for performance management, target setting, and other areas.

**Develop WMSME data dashboard:** Improving National Aggregator's data visualization capabilities can significantly enhance the ability to provide valuable market insights in accessible and practical ways. This may include building a WMSME data dashboard, an interactive, online data visualization tool focused on sex-disaggregated data and designed to allow user to explore questions about barriers to access and usage (see Annex H).

**Expand research and evaluation:** Banks and regulators need to use data to generate insights. Catalyzing research and evaluation work with new data sources can help build the knowledge base on improving support and finance to WMSMEs.

**Data Aggregation and Analysis:** The National

Aggregator develops templates and processes for collecting data on the core indicators. They are also responsible for establishing a database to collect, validate, aggregate, and analyze the data to yield relevant insights. Data collection templates should be tailored for specific types of FSP (e.g., separate templates for banks, funds, and others) and all should be easy to use, with reporting instructions and all necessary data security features. Templates should include all relevant indicators, broken down by sex and size, as well as all relevant definitions and formulas. IPs and the Data Working Group can support the Global Aggregator in this work. Some questions for consideration are included above.

## B. Annual Reporting Process

Fund asset managers have the option sign on to one country code, multiple country codes, or as global signatories as they see fit.

**Country level reports:** A Regional Aggregator (to be determined) is encouraged to prepare annual progress reports for the WE Finance Code in their region. These reports should emphasize advancements made within the Code, offering region-specific insights into signatories and the current state of financing for women-owned companies within the region. Asset Managers operating in multiple countries can choose which National Code they want to report to. Every June for five years, the Regional Aggregator is expected to provide inputs covering the previous calendar year to the Code's global progress reports.

**Global reports:** We-Fi, the Code's Global Coordinator, is responsible for preparing annual reports on the progress of the Code. This includes an inception report and annual progress reports for five years. A Global Inception Report will be issued in H1 2025, that will not include data on Funds, and the first Global Annual Report will be issued in H1 2026, which is the first opportunity to include data on Funds as available. The Global Inception Report will contain anecdotal data on the core indicators and summarize the initial activities of pilot regions, signatories, and their commitments. Thereafter, the Code's annual report will summarize global and regional progress



against the Code's core indicators and action commitments, highlighting good practices, innovations, and challenges.

To enable the preparation of the Code's reports, the following inputs are necessary from each region in line with the following schedule:

**Annual reporting on actions:** The Regional Aggregator is responsible for establishing an annual process to track signatories' progress on each of their action commitments. For example, as the Global Coordinator, We-Fi annually circulates an electronic survey to global participants of the Code so they can report on progress toward achieving their action commitments. Regional programs may replicate the survey or potentially use the survey mechanism to collect their own data. The survey is explicit about what can and cannot be publicly disclosed. The Global report will also reach out to signatories to profile good practices.

**Annual reporting on core indicators:** The Regional Aggregator establishes a process to share data annually with the Code's Global Coordinator. As much as possible, this includes aggregate core indicators for each signatory to the Code. Overall regional numbers are also useful, if available, as

they likely include Asset Managers that are not signatories to the Code. We-Fi consolidates the data reported through different channels and compiles the findings into the global inception and progress reports.

**Annual reporting on action commitments:** We-Fi plans to create an Asset Manager survey to collect annual updates on the actions taken by signatories as part of their Code commitment. The insights gathered from the Asset Manager survey will be integrated into the global progress report. We-Fi will coordinate this survey with the Regional Aggregator. Survey instructions will specify which data are protected and which are disclosed.

While pilot funding from We-Fi should be fully utilized within the two-year pilot period, Code implementation and annual reporting are expected to continue for at least five years. Data collection is expected to be mainstreamed within the pilot country's financial sector and continue on an ongoing basis.



# ANNEXES



**ANNEX A: GUIDANCE ON VALIDATING WMSME DEFINITIONS**

	Non-Women Enterprises	Balanced Leadership/ Ownership		Women Enterprises	
Ownership	Men fully own a business  Men sole-proprietors	Male founder who owns more shares to any other individual founders	Women founder's shares are equivalent or greater to any other individual male founders	Women own a majority stake in the business (>50%)	Women fully own a business Women sole-proprietors
Management	No women founders	Woman founder not in C-Suite	Woman founder in C-Suite	Woman founder in C-Suite	All-women executive team
Governance	No women on the Board	Few women on the Board (<50%)	Majority women on the Board (>50%)	Majority women on the Board (>50%)	Chair and majority women on the Board

**ANNEX B: REQUIRED INDICATORS AND DESIRED ANALYSES**

Indicator category	Data request from FSPs <i>disaggregated by sex AND by SME/micro</i>	Suggested definitions	Desired analyses for the global report (vs. <i>non-women led</i> )
1. Businesses invested in	Number of Businesses Invested in	Number businesses invested in during the year of reporting	% WMSME investees
	Total number of businesses invested in	Total number investments made during the lifetime of the fund	% WMSME investees
	Value of investments	USD value of investments made in during the year of reporting	% of investment to WMSMEs
	Total value of Investments	Total USD value of investments made in during the lifetime of the fund	% of investment to WMSMEs
2. Successful Exits and Write-offs	Number of successful exits	Total number portfolio businesses that have been successfully exited (e.g. Acquisition, IPO)	% WMSME
	Number of write-offs	Total number portfolio businesses that have been written-off	% WMSME
3. Deal Conversion Process	Number of businesses advancing to Investment Committee review	Total number businesses that advance from Due Diligence (DD) to Investment Committee (IC) review	% WMSME in DD % of WMSME advancing to IC
	Number of businesses advancing to Investment	Total number businesses that advance from Investment Committee review to investment by the fund	% WMSME in IC % of WMSME advancing to Investment
4. Investment Committee	Number of IC Members	Total number women participating in the decision-making process of the Investment Committee	% Women

## ANNEX C: ENCOURAGED INDICATORS AND ANALYSES

Indicator category	Data request from FSPs <i>disaggregated by sex</i> AND by SME/micro	Suggested definitions	Desired analyses for the global report (vs. <i>non- women led</i> )
5.Fund Composition	Number of staff in Leadership positions	Total number women and men in senior leadership positions in the fund (e.g. CEO, CFO, CTO, partners, asset manager)	% Women
	Number of Employees	Total number of female and male employees in the fund	% Women
6. Portfolio	Board Composition	Total number of female and male board members in the fund's portfolio companies	% Women
	Number of staff in Leadership positions (portfolio)	Total number women and men in senior leadership positions in the fund's portfolio companies (e.g. CEO, CFO, CTO)	% Women