

# | Women Entrepreneurs Finance Code Unleashing Finance For Women Enterprises



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# Women Entrepreneurs face systemic barriers to growth

**Women in developing countries aspire to be entrepreneurs at similar rates as men**

**...yet they face significant barriers**

- Social norms, care burdens
- Skills & sector selection
- 75% of the legal rights of men
- 2X more loan rejections
- < 2% of VC Funding to female teams
- \$1.7 trillion financing gap

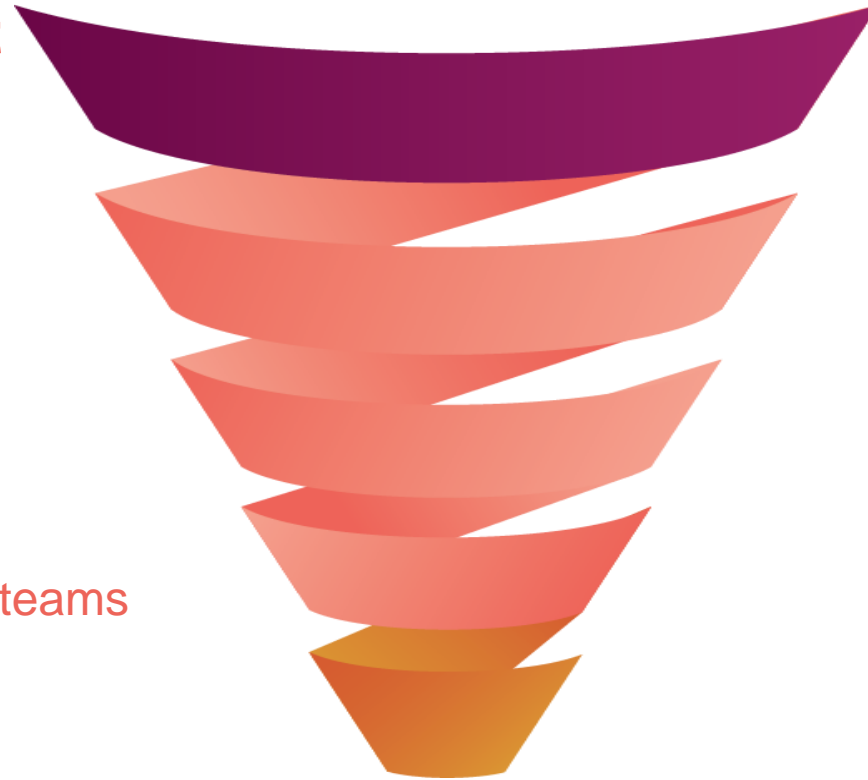
**...that limit their ability to realize their potential**

**25%**

Fewer women start businesses than men

**36%**

Gap in growth expectations between female and male entrepreneurs



**~5-6 Trillion in lost value addition globally**

**\$1.7 Trillion lost revenue opportunity for Financial Service Providers**

# The Financial Sector is Missing Out on Women Entrepreneurs

## There is growing evidence of the business case for financing WSMEs

### ✓ Profitability

- Companies with more women in leadership roles were 21% more likely to outperform their counterparts in terms of profitability. (McKinsey)
- For 5 consecutive years, the average NPLs for loans to WSMEs have been lower than total SME portfolio. (IFC, Financial Institution clients)

### ✓ Innovation

- Companies with women in leadership roles were more likely to introduce new products and services. (Harvard Business Review)

### ✓ Risk profile

- Companies with women on their boards demonstrated better risk management practices, leading to lower volatility in stock performance. (Credit Suisse)

### ✓ Management

- Well-managed enterprises with sound management practices, such as setting performance indicators and monitoring them, are more likely to be led by women. (EIB Finance in Africa)

# The Women Entrepreneurs Finance Code



**A multi-stakeholder, systems change effort to expand the number and type of institutions around the world working to close financing gaps for women entrepreneurs:**

The Code aims to close financing gaps for women entrepreneurs by :

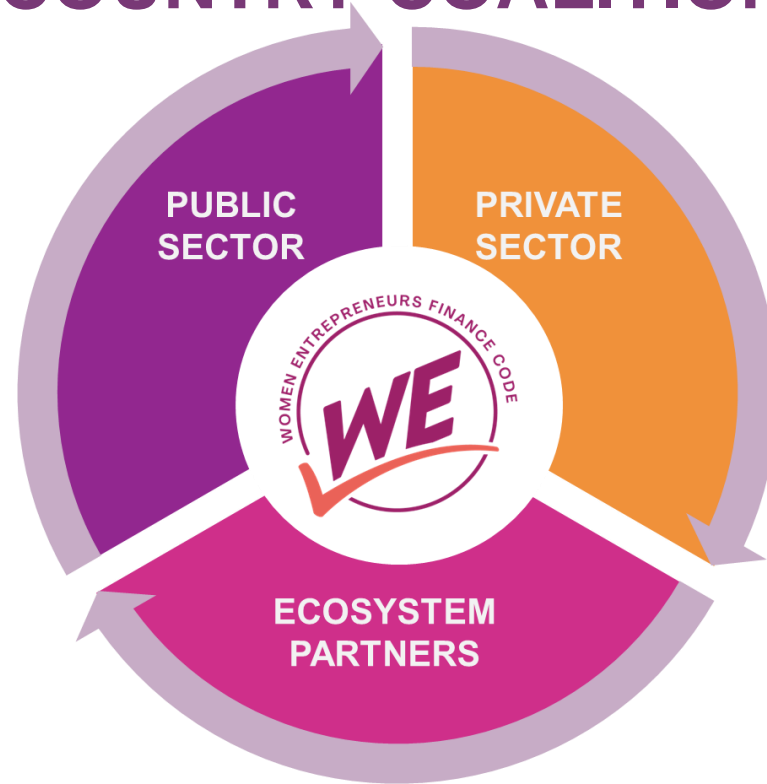
- Leadership:** **Engaging financial sector leaders at all levels to** prompt action inside and outside of their organizations to support and close financing gaps for women entrepreneurs
- Data:** Systematizing the collection, analysis and use of **supply-side data on financing** of women-led enterprises at the country level and globally
- Action:** Catalyzing new **financial and non-financial mechanisms** to meet the needs of WMSMEs and mobilizing capital for these mechanisms  
**and improving standards, policies and regulations** to address data gaps and financing constraints for women-led MSMEs

# National Coalitions Launch and Roll out the Code

## COUNTRY COALITIONS

*Policy-Makers, Regulators,  
Standard Setters, Financial  
Infrastructure*

- ✓ Increased financial inclusion of WMSMEs
- ✓ Improved data and data-driven policymaking
- ✓ Improved engagement and incentives and alignment across the ecosystem
- ✓ More diverse leadership in the financial sector



*Banks, Funds, MFIs, Venture Capital,  
Fintechs, Industry Associations*

- ✓ Greater access to customer segment with high growth potential
- ✓ Recognition by clients, staff, investors, and ecosystem
- ✓ Improved data-driven decision making and financial services for WMSMEs
- ✓ Access to cross-sector networks and learning

*Knowledge partners, international organizations, development finance institutions, donors*

- ✓ Pipeline for gender-lens investment
- ✓ Greater gender equality and women's economic empowerment & leadership
  - ✓ Increased harmonization and standards globally
- ✓ Stronger evidence and know-how related to sex-disaggregated data cases.

# Over 25 Countries and Global Partners support Global Rollout

## Country Pilots

Central Asia	Kazakhstan, Kyrgyz Republic, Mongolia, <b>Tajikistan, Uzbekistan</b>
MENA	<b>Egypt</b> , Morocco; Jordan
Asia	<b>Indonesia</b> (with IsDB), <b>Fiji</b> , Sri Lanka
Balkans	Albania, Bosnia and Herzegovina, Kosovo, Montenegro, N. Macedonia, Serbia;
LAC	<b>Dominican Republic</b>
S.S. Africa	Madagascar, Mozambique, Rwanda, Kenya, Somalia, <b>Cote d'Ivoire</b> , Nigeria, <b>Senegal</b> , DRC, Tanzania, Ghana
Europe Affiliate	UK, Netherlands

## Coordination



## Implementing Partners



## Global Signatories



## Funders



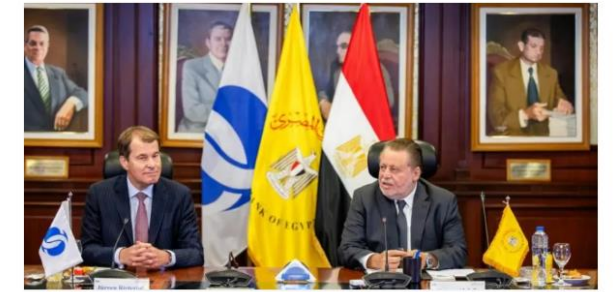


# High Level Country Champions and Coalitions in Each Code Country



**Egypt: Central Bank of Egypt Partners with EBRD on WE Finance Code Initiative to Enhance Women's Financial Inclusion**

By Itgetech Africa · 1 days ago



# National Codes share four common characteristics

- 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

Progress will be tracked through an annual global report;  
Annual Country Reports are encouraged.



The Core of the Code is a simple commitment in three areas. At signing, participants are asked to identify HOW they will support the three pillars



Financial Institution Signatories can choose from a customizable menu of activities that are relevant for them, based on their area of domain expertise, capacity and networks. They define their specific actions at signing and report progress on them annually.

## Leadership

*Identifying champions in each financial institution*

- ✓ **Designate a senior leader to drive the efforts to support women-led businesses**
- ☐ Foster organizational awareness
- ☐ Implement gender-inclusive policies products and services tailored to women entrepreneurs
- ☐ Serve as a point person for the WE Finance Code, sharing best practices

## Data

*Collection & reporting of sex-disaggregated MSME finance data*

- ✓ **Collect & Report the Code's key indicators**
- ☐ Use indicators for analytics, decision-making and reporting
- ☐ Develop tools and support others to collect, analyze and report key indicators

## Action

*Other activities within the organization's relevant domain to address constraints and close finance gaps for W-MSMEs*

- ☐ Develop new financial and non-financial services for W-MSMEs
- ☐ Establish business case, set targets, strategies, policies, standards to expand financing for women-led enterprises.
- ☐ Increase volume of finance for W-MSMEs, inc. bonds, credit lines, equity, trade, etc.
- ☐ Promote peer learning, document use cases.

# Data Requirements and Strongly Encouraged Indicators & Definitions

Minimum requirement indicators aim to (i) establish a baseline for lending to women entrepreneurs, (ii) track its growth over time, (iii) understand pipeline constraints, and (iv) build the business case. Encouraged indicators seek to assess the quality of finance available to women-led MSMEs.

## INDICATORS

Minimum Requirements	Strongly Encouraged	Future Exploration
<ul style="list-style-type: none"> <li>MSME business customers (#)</li> <li>MSME business outstanding loans (# &amp; \$)</li> <li>MSME business loan applications and approvals (# &amp; \$)</li> <li>MSME business NPLs (%)</li> <li>MSME business deposits (\$) &amp; depositors (#) – <i>waived if the FSP doesn't accept deposits</i></li> </ul>	<ul style="list-style-type: none"> <li>MSME business new disbursed loans (# &amp; \$)</li> <li>MSME business collateralized loans (#)</li> <li>MSME business short-term loans (# &amp; \$)</li> <li>MSME business financial products (#)</li> </ul>	<ul style="list-style-type: none"> <li>Proxy indicators to identify women-led businesses using retail products for commercial purposes to convert them to business clients (e.g., consumer loans, housing finance)</li> </ul>

*All indicators will be disaggregated by women/non-women led AND SME/Micro*

## DEFINITIONS

Minimum Requirements	Strongly Encouraged	Out of Scope
<b>MSME</b> <ul style="list-style-type: none"> <li>A clear definition of Micro, Small and Medium Enterprise, generally based on employee, asset, equity and/or loan exposure</li> <li><b>Informal firms</b> and sole proprietors may be included so long as they have identifiable enterprise characteristics</li> </ul> <b>Women-led enterprise</b> <ul style="list-style-type: none"> <li>Women-Owned: Majority women-owned or</li> <li>Women-Controlled: Effective control of the enterprise by women (relating to women ownership, management and governance)</li> </ul>	<b>MSME</b> <ul style="list-style-type: none"> <li>National or international definitions are recommended for harmonization (e.g., IFC definition)</li> </ul> <b>Women-led enterprise</b> <ul style="list-style-type: none"> <li>National or international definitions are recommended for harmonization (e.g., IFC definition, ISO definition, 2X criteria)</li> </ul>	<b>MSME</b> <ul style="list-style-type: none"> <li>Individual/Households without identifiable enterprise characteristics</li> <li>Large enterprises</li> </ul> <b>Women-led enterprise</b> <ul style="list-style-type: none"> <li>Enterprises predominantly serving or employing women, but not being women-led businesses</li> </ul>

*Definitions must be disclosed and validated during onboarding; Indicators shown are for Debt and will be different for equity providers*

# Three organizations coordinate the WE Finance Code globally



## Global Data Aggregation



OECD SME Scoreboard

- ✓ OECD Guidelines & Training for National Aggregators
- ✓ OECD Collects national data into SME Scoreboard
- ✓ Display and Analysis of Data
- ✓ Benchmarking and Annual Reporting
- ✓ IMF also collecting 2 indicators through Financial Access Survey



## Peer Learning



Financial Alliance for Women

- ✓ Peer Learning Platform
- ✓ Data Working Group / Training
- ✓ Champion Community of Practice
- ✓ Study Tours
- ✓ Tools & Lessons of Experience



## Advocacy

we-fi We-Fi Secretariat

- ✓ Country Guidelines & Toolkit
- ✓ Advocacy
- ✓ Champion Network
- ✓ Media Toolkit
- ✓ Website:  
[www.wefinancecode.org](http://www.wefinancecode.org)
- ✓ LinkedIn Community:  
[@wefinancecode](#) LinkedIn

*Currently debt focused... Question how to engage funds and equity players in the market?*

# Five steps for implementing the WE Finance Code in a country



# Setting a roadmap to implement the Code

## Identify Champions

1. Identify 1-3 Country Champions
2. Build the Country's Case for the WE Finance Code
3. Discuss Vision for the Code
4. Issue a public Declaration of Intent to Launch the Code

## Build National Code Coalition

1. Expand the Champions to form a National Code Coalition
2. Designate a Country Code Coordinator and Aggregator and define their roles
3. Agree on a National Code Framework and Action Plan

## Customize Code to the National Context

1. Adapt the global commitment framework (letter and guidance for signatories)
2. Develop guidelines for commitments on leadership, data and action
3. Establish an on-boarding process
4. Conduct industry consultations on the program design

## Launch the Code

1. Create Awareness & Excitement
2. Launch the Code with Signatories
3. On-board Signatories



## Track & Accelerate Progress

1. Launch learning and knowledge sharing
2. Collect baseline data, track progress, issue annual report and report to the Global Code
3. Evaluate effectiveness and impact
4. Expand Signatories and scope (e.g., Equity)





# Sample public statement with the intent to launch the Code

The below sample statement can be adapted by Country Codes:

*“**[Champions or coalition partner names]** is/are committed to advancing access to finance and identifying innovative solutions to mobilize capital for women-led micro, small and medium-sized enterprises (WMSMEs). We endorse the Women Entrepreneurs Finance Code (“WE Finance Code” or “Code”), a global multi-stakeholder data-driven approach to systematically expand how women-led businesses are supported and financed. We intend to champion the launch of a Code in **[country]** to align and catalyze action and incentives across the financial sector ecosystem to support women entrepreneurs. A national coalition of public and private stakeholders will work together to adopt the Code, engaging financial service providers, regulators, standard-setting bodies, financial sector infrastructure organizations and trade associations and other ecosystem players. We look forward to collaborating with other countries and stakeholders to align our approach with the Code’s global framework and ensure its effective governance, coordination and aggregation mechanisms.”*

# The Code is a Flexible Framework that Can be adapted for each country

Fill in chosen options.

## Strategic questions

## Which options are best suited to the country context?

1) What types of Financial Intermediaries should participate?



2) What **incentives** can FIs expect by joining?



3) Who should be part of a **National Coalition**?



4) What is the role of the **Regulator** vis-a-vis the Code?



5) Who should **coordinate** & interface with the global Code?



6) Who should **collect & analyze** data from FIs (**aggregator**)?



7) What **standards** should be required?



8) What WMSME **definitions** should be used?



9) Should **country annual report** be published?



# What does it mean to join the Code's global network?

## Expectations of Country Pilots:

- ☐ Share the Public Declaration of Intent to launch the Code
- ☐ Provide basic information about the Code's Champions & National Coalition, Coordinator, Aggregator and the Code's parameters by completing the Country Data Sheet ([https://bit.ly/WEFinanceCode\\_Countries](https://bit.ly/WEFinanceCode_Countries))
- ☐ Share an overview of the Country Code framework after its customization, including definitions, indicators, reporting timeline and list of founding signatories.
- ☐ Annual reporting starting one year after on-boarding signatories
  - ☐ Indicators disaggregated for micro and SME by financial institution reported to OECD
  - ☐ Survey-based input into global annual report

## Global Support for Country Pilots:

- ☐ Amplify announcement globally through its communication channels and events
- ☐ Invite Champions to the WE Finance Leaders Community of high-level representatives of financial institutions around the world (events, network)
- ☐ Invite Champions, Coordinator and Aggregator to Community of Champions a peer learning network, inc. UK study tour\*
- ☐ Connect with global FSP and ecosystem Signatories, as applicable
- ☐ Validate Code against global minimum requirements
- ☐ Feature Country Code on [www.wefinancecode.org](http://www.wefinancecode.org) website
- ☐ Invite FSP Signatories to global peer learning networks for sr. mgrs. (Primer on WSME business & strategy) and operational staff (Data Learning Series)
- ☐ Data validation to include in OECD SME scoreboard
- ☐ Feature in global Annual Report
- ☐ Access to global data to assess baseline and progress over time
- ☐ Invitation to learning events

\* Peer learning is delivered in partnership with Financial Alliance for Women. Topics include building national coalitions and action planning; WMSMEs definitions & indicators; reporting templates & national scorecards; automating reporting & data visualization; strategies and actions to build WMSME capacity.

# A country Charter for the Code can codify the country approach



## A National Code Charter

- Overarching goals for what the Code will help achieve
- Key stakeholders' names, institutions, responsibilities (National Coalition and Champions, National Coordinator, National Aggregator)
- National Code Framework
  - Eligible Signatories (type of FIs, ecosystem)
  - Commitment framework with requirements on leadership, action, data (indicators, definitions) and mechanism (e.g., letters of commitment and checklist, sign-up process)
  - On-boarding process
  - Data aggregation mechanism (process, timeline and format for collection, verification, analysis, reporting to OECD)
  - Annual Country report publication (optional) / evaluation mechanism
- Stakeholder engagement
  - Incentives for FSPs to join the Code
  - Learning best practice sharing





# The WE Finance Code builds on the successful example of the UK's Investing in Women Code



## Rose Review (2019)

UK Treasury commissioned Alison Rose, CEO of NatWest, to assess barriers facing women entrepreneurs and how to overcome them.

**Conclusions:** Up to £250 billion of new value could be created if women started and scaled new businesses at the same rate as men.

The biggest opportunities to help women entrepreneurs along the financing funnel fall into three areas:

- Access to finance
- Family care support
- Making entrepreneurship more accessible through mentors/networks

The **Investing in Women Code** was one of eight recommendations.

## Investment In Women Code

The Code is a voluntary public-private partnership between the 'Code Partners':

- Government
- Finance providers
- Three trade associations
- The UK's national development bank

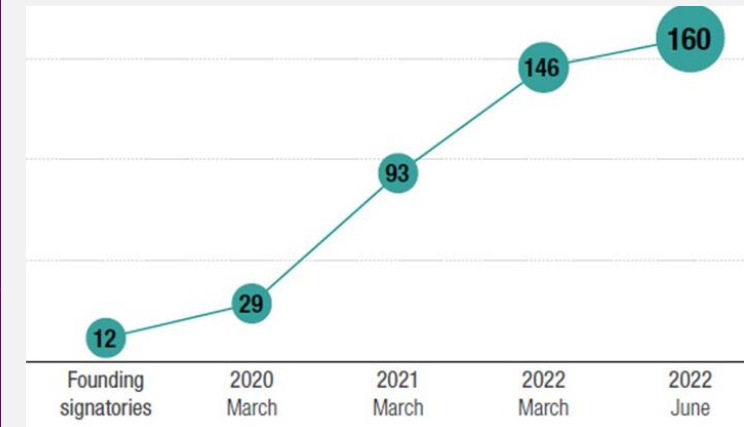
Launched in July 2019, the Code aims to increase the finance provided to women-led businesses including debt finance (loans and overdrafts) and equity (early-stage Angel investment to venture & growth capital).

Code Signatories make three commitments:

1. Designate a responsible member of the senior management team to Champion entrepreneurs' access to finance;
2. Collect and report data;
3. Adopt internal practices that aim to improve female entrepreneurs' access to the tools, resources and finance and review these annually.

## Results to date

**UK Code Signatories:** 12 Champions have grown to 160 FIs (18 lenders, 30 angel investors, 105 venture and growth investors) representing GBP1 trillion AUM.



The Code partners have worked together with Signatories to share the aggregate data, generate insights and share best practices both through the Annual Reports and regular meetings.

