

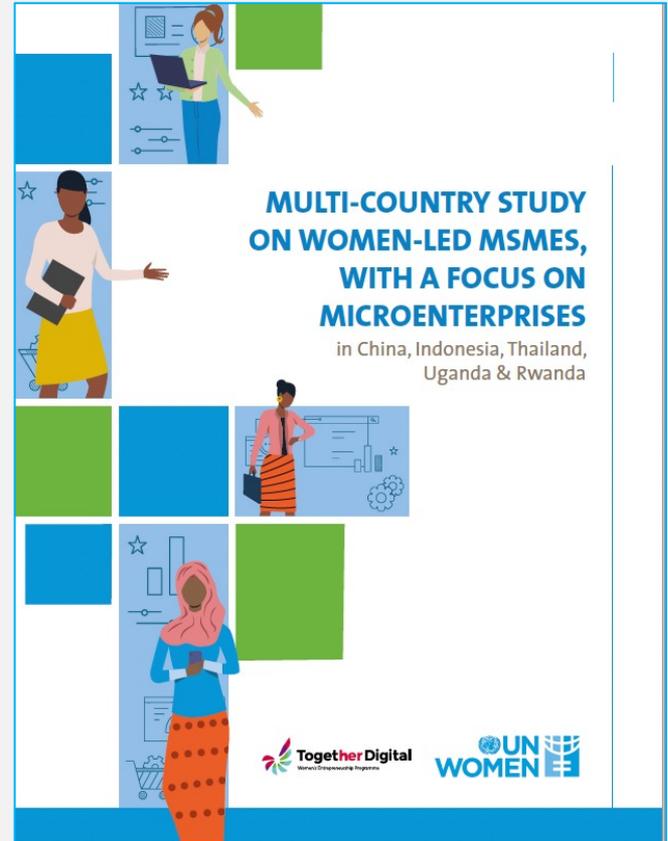
Multi-Country Study on Women-Led MSMEs, with a focus on microenterprises *in China, Indonesia, Thailand, Rwanda and Uganda*

Key Findings and Recommendations

March 2023



1. Study's Scope and Methodology



The Scope of this Study

This study looks at the role that Business Development Services (BDS) is playing and has the potential to play in three priority areas critical to supporting women's entrepreneurship: access to finance, access to markets, and digital inclusion

- The study covers five countries: China, Indonesia, Thailand Rwanda and Uganda

What This Study Offers?

Surface challenges faced by women-led microenterprises in the five countries and identify solutions to enhance their access to finance, markets and digital inclusion through BDS

Identify the specific barriers these microenterprises face in utilizing BDS to address the enterprise growth challenges

Offer a practical, 'what works' framework for action to guide the design and implementation of BDS programmes to support women microentrepreneurs to access finance, digital platforms and markets, including through e-commerce

Recommend high potential areas for future support of key stakeholders from the women's entrepreneurship ecosystem



Who This Study is For?

- Business development service providers
- United Nations and other multilateral organizations
- Women's business associations and networks, and other entrepreneurship support organisations
- Governments
- Donor agencies
- Financial services providers (FSPs)

Study's Methodology

How can BDS providers (i.e., government agencies, private sector actors, and entrepreneurship support organizations) help overcome the growth challenges that women-led micro-enterprises have, particularly related to digital inclusion and access to finance and markets?

Desk Research

including meta-analyses and evidence reviews on: entrepreneurship and related challenges and opportunities, interventions on access to finance and markets, digital inclusion, and business development services

Key informants interviewed include:

- BDS providers, including incubators and accelerators
- Financial institutions providing BDS services
- E-Commerce platforms providing BDS services
- Foundations running BDS programmes
- Ecosystem players including MSME and SME support networks and advocates
- MSMEs in China and Indonesia

Focus Group Discussions in China and Indonesia

- 28 women micro and small business owners in China including 4 deep dives
- 21 women micro and small business owners in Indonesia including 3 deep dives



What are Business Development Services (BDS) and Why do they matter?

In addition to finance, enterprises led by men and women alike, require a wide range of non-financial services, also known as BDS to operate efficiently and grow.

BDS needs are varied and can include:

- Improving access to markets
- Increasing variety of input
- Adopting new technologies
- Improving business operations
- Facilitating export market linkages
- Support for business formalisation
- Access to finance
- Starting a business
- Legal advice
- Shared office spaces
- Shared services (IT, accounting, etc.)

...however women-led enterprises may not have equal access to such BDS services.

A number of reasons restrict women entrepreneurs' in identifying and accessing the right kind of BDS that is well suited to their business needs and contexts.

Well-designed and targeted BDS support helps women-led enterprises grow as well as tackle the opportunities for levelling the playing field for men and women entrepreneurs.

2. Key Findings and Solutions to Address Challenges Faced by Women-Led Microenterprises

Overview of Challenges

Women-led enterprises are under-resourced and under-financed in developing countries, both objectively and as compared to men. Due to the lack of access to BDS these entrepreneurs face a number of challenges:



Key findings: Challenges and Solutions

Access to Finance

Women-owned enterprises account for **32% of the MSME finance gap** in developing countries. Low financial literacy and limited knowledge of financial systems and products deter women from accessing finance.

Challenges identified

Lack of tailored products suited to the needs of women-led microenterprises.

Proposed Solutions

1.

Work with financial institutions to build tailored financial products that fit the needs of women micro entrepreneurs

General sense of mistrust and under confidence about engaging with formal financial systems among women microentrepreneurs

2.

Support financial institutions to better engage with women entrepreneurs and better serve the needs of women-led microenterprises

Basic financial literacy remains low, lack of training on loan management and repayment is a significant gap among women entrepreneurs

3.

Address the financial literacy needs of women entrepreneurs

Key findings: Challenges and Solutions

Access to Markets

While BDS providers have rapidly adapted their programmes to provide support around e-commerce and online selling platforms, the full potential of women micro entrepreneurs on these platforms **remains unrealised**

Challenges identified

Proposed Solutions

Without adequate support, transitioning from physical to online selling is often difficult women micro entrepreneurs

1.

Develop curriculum focused on various aspects of accessing digital markets

Lack of market information limits women micro entrepreneurs' competitiveness, innovation and ability to develop differentiated market strategies

2.

Address the market information gaps faced by women micro entrepreneurs

Difficulties in expanding their markets, particularly export markets restricts women micro entrepreneurs' sales potential

3.

Partner with e-commerce platforms to strengthen access to market offerings

Key findings: Challenges and Solutions

Digital Inclusion

Women micro-entrepreneurs are more likely to primarily use basic mobile services. Data suggests that women usually use “low stakes” tools for business that are simple, low cost or free.

Challenges identified

Contextual challenges inhibit digital inclusion for women micro entrepreneurs

Proposed Solutions

1.

Address digital literacy needs of women micro entrepreneurs

They lack know-how about leveraging digital technology within business processes limits

2.

Support women micro entrepreneurs' transition from digitisation to digitalisation by integrating digital technology within business practices.

3. Unlocking Opportunities for Women-Led Microenterprises through Effective Utilization of BDS

Barriers to Effective Utilisation of BDS

While BDS enables access to finance, markets and digital inclusion, several barriers limits its effectiveness.



DEMAND SIDE

(for women micro entrepreneurs)

- They often lack awareness on available BDS offerings
- They face delivery related impediments related to flexibility and modality of delivery
- They find a mismatch between the specific BDS support their business requires and what is available to them.
- They may not be able to access advanced BDS programmes that entail higher fees due to a paucity of resources



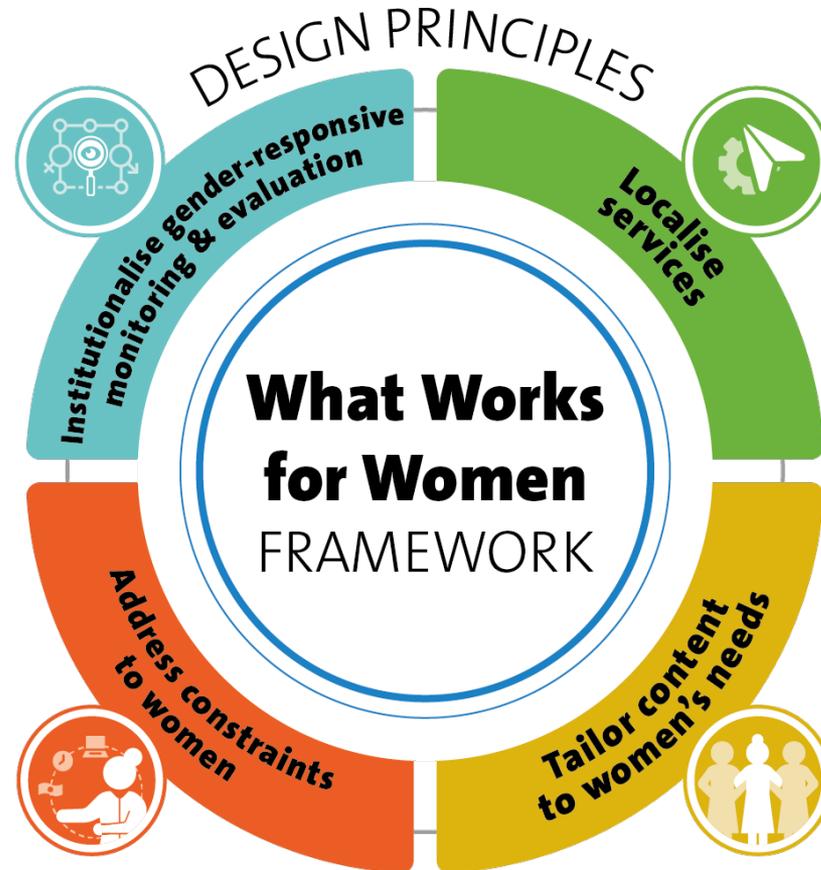
SUPPLY SIDE

(for BDS providers)

- They face additional costs due to added efforts required to reach women entrepreneurs
- They face budgetary constraints in delivering consistent, longer-term BDS support as many of them are donor-funded and time limited
- They face a misalignment between participants' expectations of immediate programme impact on business growth versus actual impact which can take longer
- They operate within a fragmented and uncoordinated training ecosystem

Introducing a Practical Framework for Action:

What works for BDS to support women-led microenterprises



Key Recommendations for Women's Entrepreneurship Ecosystem Actors

- Remove **adverse social norms and other underlying barriers** to women's entrepreneurship
- **Enhance gender-inclusive policy and regulatory frameworks** and strategies to improve **women's digital and financial inclusion** to enable the creation and growth of women-led MSMEs, particularly microenterprises
- **Leveraging financing for women's entrepreneurship** through promoting public and private investments and tapping into innovative financing sources to boost the growth of women-led MSMEs
- **Unlocking the full potential of women's entrepreneurship** through the expansion of **digital upskilling** opportunities
- Deepen engagement with and **build the capacity of women's organizations and networks** other key local actors **to support women entrepreneurs build trust** in and effectively engage with the entrepreneurship and digital ecosystems.
- **Foster multi-stakeholder partnerships to harness technology and innovation to bridge the gender digital divide** and **enhance women's entrepreneurship in the digital economy**

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