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Support to an Enabling Business Environment for MSMEs Development & Financial Inclusion

Guidelines for Mainstreaming Gender Dimension into NBFIs Lending activities

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Why a guideline on mainstreaming gender into Microfinance Institutions (MFIs) activities?

Introduction

Due to the critical role of Micro, Small, and Medium Enterprises (MSMEs) as a significant driver of economic development and GDP growth, employment creation, and innovation, especially in developing and emerging countries, more attention on removing barriers that face business owners in accessing finance should be given. Access to finance is still considered a key constraint to the development and growth of MSMEs globally

On the other hand, Women-owned/led MSMEs account for approximately a third of MSMEs globally though they face additional challenges compared to men-owned enterprises in addition to access to adequate sources of financing.

Governments, financial regulators, and all stakeholders play a fundamental role in creating an enabling environment and enacting gender-related policies to help bridge the gap. Since women's economic empowerment and equality have gained a prominent position in international development,

These guidelines demonstrate an action plan to enhance women-led businesses and help remove barriers to increasing financial inclusion and economic development. The guidelines have been structured in three sections. The first section provides an overview of the role of women-owned/led MSMEs and describes the gap between Men-led and women-led businesses. The second section highlights the key challenges facing women-led businesses in the region and their consequences, in addition to the stakeholders' responsibility to improve the accessibility of Women-led businesses to finance in the" theory of change" section.

Finally, the third section suggests some actions, encouraging the development of a solid ecosystem that offers products and services that women want and need and the way forward that, if implemented and endorsed, would increase women's participation and enhance financial inclusion.

Section one

Context: a dynamic in motion

Women are still disproportionately excluded from the formal financial system and make up more than half of the world's unbanked population. According to the 2014 Global Findex, 58 percent of women had an account compared to 65 percent of men. This gender gap has persisted at 9 percent for developing economies, despite progress to advance financial inclusion.[1]

A gender gap is equally apparent for women-owned businesses, which predominately remain in the informal economy, which restricts their access to bank accounts and credit from formal financial service providers (FSPs). Even those women-owned SMEs operating in the formal sector face a significant credit gap, which the IFC estimate is approximately $2872 billion, making up 30 percent of the total credit gap for SMEs.[2]

> *The costs of exclusion are enormous. Women generate less than one-fifth of the region's GDP, which is less than half of the average that women generate in the rest of the world. The result is that MENA is losing out nearly $575 billion per year*

This guideline aims at drawing a road map and an action plan to improve women-led businesses' access to finance. The roadmap must be addressed to all stakeholders, including policymakers, central banks, and financial institutions, creating enabling environment and integrating recommendations in their strategies.

As a background, the adoption of the **2030 Agenda for Sustainable Development** was a landmark celebrated at the United Nations General Assembly in 2015, providing a shared global vision toward sustainable development for all. This agenda is a commitment to eradicate poverty and achieve sustainable development worldwide by 2030, ensuring no one is left behind. Women in business are among the key target groups regarding access to finance.

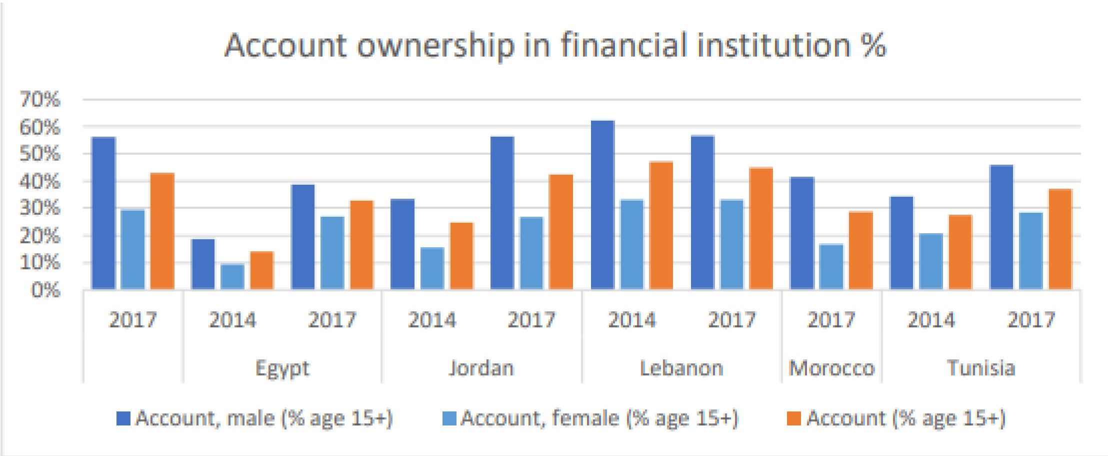
The operationalization of the agenda calls for deep and wide policy reforms but also commands social changes essential to address unequal gender power relations and establish gender equality norms. On top, many SDG targets will be unattainable without formal legal equality; this includes the gender equality targets of Goal 5 and the targets relating to poverty, health, education, decent work, economic growth, and peace and justice.

All indicators point to the fact that the South MED region lags on gender equality, which translates into shortfalls in women's participation in the labor market and political decision-making. Progress towards education parity at the primary, secondary, and tertiary levels has not translated into job parity. In 2013, the female labor force participation rate was only 21.6 percent, compared to a global average of 51.3 percent[3]. Differences are also reflected in the types of jobs

[1] World bank, 2015. "Financial Inclusion Strategies Reference Framework". Washington, DC: World Bank
[2] IFC,2014. "Ready for Growth: Solutions to Increase Access to Finance for Women-Owned Businesses in the Middle East and North Africa". Washington, DC: IFC.
[3] Arab Development Outlook Vision 2030, ESCWA

women do. For example, they hold less than 20 percent of paid jobs outside the agricultural sector, compared to a global average of 40 percent.[4]

As the recent South MED region gender report revealed, **three out of four working-age women do not participate in the economic active labor force** and constitute 80 to 90 percent of MENA's inactive population. The Global Findex Database 2017 reveals that women account holders do not exceed 35%, compared to 53% for lower-middle-income countries. Looking at the breakdown of account ownership by gender, it is noted that for the MENA, the proportion of accounts held by men largely exceeds those held by women.



Source: Findex report 2017[5]

Within this context, financial inclusion is more than just statistics or providing unbanked individuals with the appearance of being empowered; It is about giving people access to financial services that will positively impact their lives, businesses, and communities in the long term. Hence the challenges of inclusion, especially gender inclusion, in the financial sector have increasingly attracted the interest of global stakeholders. Moreover, achieving gender equality in financial inclusion is a meaningful way to unlock resources for economic empowerment and growth by enhancing access to economic opportunity for a broad segment of society. It is also essential at the micro level, as it improves women's lives by giving them a voice and improving their decision-making capabilities.

Many key financial service providers, regulatory bodies, policymakers, and development organizations have started to collaborate to empower women in the MENA region, whereby the level of financial exclusion is particularly worrying given demographic and economic participation trends, for Improving the rate of participation by women in the labor force to parity with men could boost regional GDP by 20 percent and annual per capita GDP by $770[6].

The present guidelines are contributing their share to the dynamic at stake by focusing on MicroFinance Institutions, i.e. financial institutions that are the more prone to serve women in business.

[4] Ibid.
[5] Findex
[6] Arab Development Outlook Vision 2030, ESCWA

About Women-Owned Businesses

There is no single definition of "women-owned MSMEs" where the definitions of micro, small, and medium-sized enterprises (MSMEs) vary across countries and sectors (e.g., agriculture, natural resources, manufacturing, services, and retail). Some countries include microenterprises under small and medium-sized enterprises (SMEs), while others exclude them. This said, most SMEs refer to enterprises that are formal and have been registered, while microenterprises have more flexible definitions concerning registration. Typically, enterprises are categorized by the number of employees, turnover, and capital investment (UNESCAP 2012)[7].

The definitions of "women's" enterprise also vary across contexts; women's MSMEs are usually defined as being at least one of the following: (i) at least 50% of enterprise ownership is controlled by women, (ii) at least 60% of senior managers are women, or (iii) at least 50% of the registered employees of the enterprise are women. The International Finance Corporation (IFC) adopts the definition of "women-owned enterprises" as "enterprises with either (i) 51% owned by a woman/women; or (ii) 26% owned by a woman/ women AND at least one woman as a chief executive officer or chief operating officer (president or vice president)[8].

The growth potential of women's MSMEs, evidenced by the current low benchmarks, means a significant untapped customer base for financial institutions (FIs) to expand their businesses. Women's World Banking estimates that the productive potential of the female population that remains untapped is 48.4%, compared with 22.3% for men. Thus by investing in women's entrepreneurship and MSMEs, the MSME sector can offer great opportunities to narrow gender gaps and contribute to inclusive growth and poverty reduction.

MasterCard's study shows that in some countries in Southeast Asia, women's-Led MSMEs are growing faster than male-owned MSMEs[9]. Among the fastest growing in the study was Vietnam, at 42.5%. While this may not be the case for other sub-regions, the Southeast Asian experience indicates the growth potential of women's MSMEs. The growth potential of women's MSMEs also means a significant untapped customer base for financial institutions (FIs) to expand their businesses.

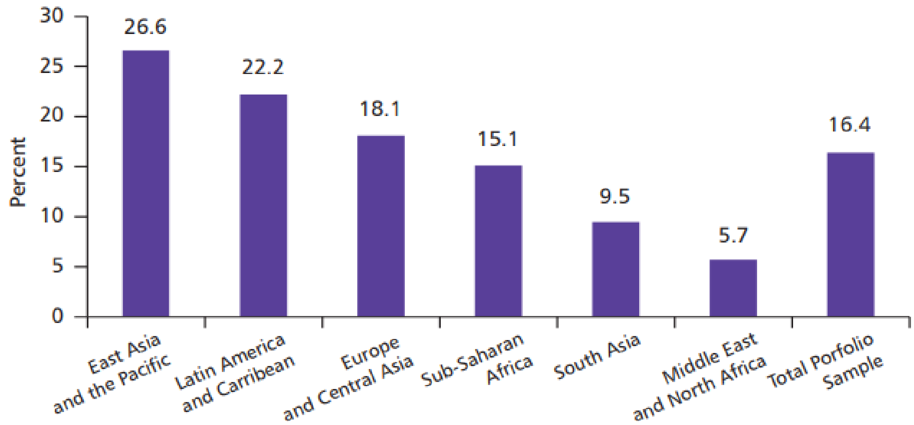
Coming back to women in business in the MENA region, there is a broad consensus among analysts having drafted the above referred studies that this population can be characterized by the following:

- Women are likely to have started businesses out of necessity, more often than self-employed.
- Women's enterprises are smaller in size
- Women's enterprises are more likely to be on a part-time basis to manage work and family life.
- Women are less likely to access finance to expand their businesses than their male counterparts
- Women's enterprises tend to operate in limited sectors populated by small firms and characterized by low value-added with low growth potential, such as the services sector.

[7] https://www.unescap.org/resources/economic-and-social-survey-asia-and-pacific-2012
[8] IFC's Definitions of Targeted Sectors,ifc.org\wps
[9] MC study

They are overrepresented in activities that conform to social norms (cooking, sewing, hair salon).

Recent research provides solid evidence that when women—50% of the world's population—participate in the financial system, there are significant benefits in terms of economic growth, greater equality, and societal well-being. **Based on this consensus, stakeholders are aligning their efforts, and financial inclusion for women is receiving increasing attention**. In 2012, IFC completed the "SME and Women-Owned SME Baseline Survey" to determine the share of Women-owned SMEs financed by IFC's client financial institutions worldwide, to establish a baseline ('SME Gender Baseline'), and to learn more about the characteristics of these firms. IFC surveyed 34 banks in 25 countries in all six regions[10]; an analysis of more than 2,200 enterprises receiving small and medium-sized enterprise (SME) loans from 34 IFC client FIs in 25 countries showed that, overall, about 16.4-18.5 percent of the loans were issued to women-owned SMEs.



The significance of Women's financial inclusion because Women, in particular, often bear the brunt of poverty and limited access to economic opportunity, including unfavorable financial access. Inequality is not just a moral issue—it is a macroeconomic issue. Growth has to be more inclusive, and finance has to be more inclusive to close the gender and inequality gap.

These guidelines aim to address the challenges and suggest a clear action plan for financial institutions to improve their offerings for women-owned MSMEs and improve funding and financial access for women, not only because improving access is suitable for women-led businesses but its growing and profitable for financial institutions.

Section Two

Key Challenges

The provision of financial services does not always correlate with an increase in the financial inclusion rate in a community, as it is not sufficient to bring more women into the MSME sector.

[10] International Finance Corporation. 2012. Establishing a Baseline for Lending to Women-Owned SMEs. Washington, DC

Many challenges prevail, meaning that multiple barriers to women's access to finance and enterprise development must be comprehensively addressed.

As an illustration, research reveals that women's jobs are found in the "women's" sectors and lower paying tiers and that women are paid less than men for the same work. Therefore, support must be extended to allow women to engage in higher return economic activities. Public policies and programs play a crucial role in enhancing women's economic rights and creating a level playing field for women's MSMEs. Finally, the international community recognizes that supporting women in MSMEs makes economic sense to contribute to inclusive and sustainable growth and poverty reduction.

Evidence elsewhere points to the following key factors that hamper women's MSME growth:

- Limited access to finance due to the lack of collateral and complex application process.
- Limited capacity and exposure to business development, business start-up, employee management, and keeping up with market needs.
- Lack of access to vital information (e.g., finance, registration, legal requirements, business development, and market trends) and technology.
- Informal (cultural) and formal (legal) discrimination, requiring the husband's permission to borrow money (even where not legally required), and legal discrimination in inheritance and ownership of properties.
- Lack of devoted time to enterprise development and the need for family support due to women's dual roles to manage households (particularly childcare) and manage the business.
- Lack of networking and organizing results in difficulties voicing their needs to policymakers and business associations.

To help more women in the south med access to finance, key stakeholders, must understand the challenges they face; for example, many females and individuals voluntarily refrain from using financial services for religious or cultural reasons, even though they have access.

- Restrictive Cultural and Social Expectations (Social norms constrain women's demand for financial services)
- Weak regulatory frameworks
- Lack of Savings and Personal Attitudes about Banking
- Gender Disparity in Access to Internet and Technology
- Institutional Barriers to Accessing Funding (Providers have less incentive to cater to women because the margins are smaller and women require more upfront investment to bring on as customers)

This is why public policies can play a crucial role in addressing barriers faced by women's MSMEs. Governments; the private sector; multilateral, regional, and bilateral institutions; and civil society all have important roles to play in achieving this shared goal. Thus, a range of policy and public finance tools can fit the country's specific context, including laws, policies, legislations, institutional reforms, finance, capacity development, awareness campaigns, and financial and tax incentives to the private sector.

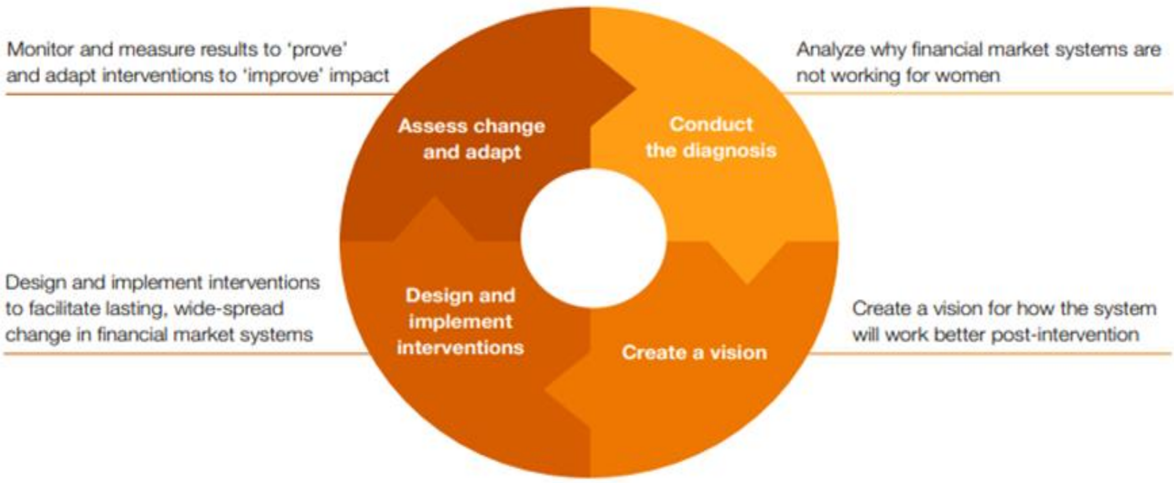
Theory of change: a powerful tool to improve the picture

Most national MSME policies and strategies are silent on gender leading to under- opportunities missed to promote women's enterprises that have the potential to contribute to the overall growth of the MSME sector significantly. Hence a "Theory of Change" for a financial inclusion program focused on gender factors would include the following dimensions:

> **Gender norms**: Informal rules and norms that exist in societies, so-called "social norms", they do influence the access, usage, and benefits of financial services. Gendered social norms, or gender norms, are a subset of social norms and are defined as the collectively held expectations and perceived rules for how individuals should behave based on their gender identity (Burjorjee et al. 2017).

- Women's economic empowerment outcomes; An increase in ownership and the opportunity to increase assets and income.
- Women's financial inclusion outcomes are related to access, use, and benefit of financial services.
- Systemic change outcomes: Changes in the broader financial market system help achieve women's financial inclusion targets.
- Intermediate outcomes: Changes in underlying capacity and incentives that drive the behavior of system actors usually occur within the program duration.
- Interventions: Initiatives to trigger changes that lead to intermediate outcomes.

Designing and implementing interventions following the market systems project cycle, from CGAP Gender norms:



Section three

Guidelines to increase Women's participation :

Encourage the development of a solid ecosystem that offers products and services that women want and need; the financial ecosystem can come together to remove these obstacles through:

1. Building a holistic understanding of women's needs and preferences as users of financial services
2. Make financial services accessible by building inclusive distribution networks
3. Integrate Non-Financial Services into medium delivery
4. Expand access to universal digital identities to help low-income women build their credit history across borders

Gender mainstreaming refers to the process through which an organization assumes a comprehensive gendered perspective while focusing on identifying and reducing gaps and inequalities between women and men—mainstreaming ensures that activities are designed to be more appropriate in different cultural contexts by informing an understanding of the norms and realities of men and women on the ground. Finally, gender mainstreaming is achieved when an MFI can systematically assess the implications for women and men of any planned action, including legislation, making women's and men's concerns and experiences integral dimensions in the design, implementation, monitoring, and evaluation of policies and programs.

South med countries are making serious efforts to step up gender inclusion, as witnessed by the recent "World Bank's 2020 Women, Business, and the Law" Index[11]; six of the ten top-reforming countries are from the south med region, and are making changes such as introducing equal pay and female representation in corporate boardrooms, protecting women from employment discrimination and prohibiting employers from dismissing a woman during pregnancy and maternity leave. More will need to be done over the coming months and years to ensure that these legal changes are transformed into behavioral changes, leading to the desired economic

[11] World Bank 2020 Women, Business, and the Law Index

impacts. Mainstreaming gender dimensions within the region's Financial Service Providers' core activities will be vital to bridging this gap.

Legislation and policy :

A Gender-related policy built around gender in national financial inclusion strategies is essential to elaborate, covering such areas as financial inclusion in the national context, the use of gender-disaggregated data analytics, gender impact assessment, and gender resource budgeting, infrastructure (resource identification, development, and convergence), digitizing payments.

The main pillars of possible Gender-Inclusive policy actions and regulatory reforms would include:

Gender Policy Advocacy:

Need to curb the lack of visibility of gender issues in micro, small, and medium-sized enterprise (MSME) policies and laws.

Macroeconomic and Sector Policies enacting and amendment:

- Launch incentives projects backed by subsidized interest rates and collateral alleviation either by the central bank's intervention or any local or international organizations aiming for countries' economic development.
- Facilitate the link between women entrepreneurs and investors through mediators such as incubators and entrepreneurial support organizations.
- Establish and regulate credit bureaus for micro-loans for exchanging information about borrowers' credit history.

MSME Sector Policy and Regulatory Framework:

- Enable the access to micro-credit loans throughout all commercial banks to build a track credit record history in the same lending institution, allowing women-owned small businesses to go beyond micro-loans and access long-term larger loans aiming for higher potential growth.
- Develop a special financial package for unbanked women offering special conditions for accounts, plastic cards, insurance, and mobile application, in addition to cash grants as incentives while opening an account.
- Ability to obtain loans without husband's (or other male family member's) consent. Set a legal advisory desk for women in the FIs to facilitate women entrepreneurs to obtain individual loans or ultimately get formal registration and open a bank account.
- Offer new financing tools such as mezzanine financing and cash-flow-based financing when bank debt and equity financing are unavailable or unsuitable.
- Introduce new schemes by central banks to encourage financing of startups, accelerators, and incubators through banks and financial institutions
- Ease conditions to attract angel investors from family members and friends to invest funds directly in a potential growing firm. This could create new ways of investment for people who have excess funds and don't trust the banking system (in the case of Lebanon) to channel their funds directly to investors.

MSME Finance and Property Laws and Regulations:

- Promote new regulations for joint property registration between husband and wife to enable equal rights to use the common property as collateral for borrowing money.
- Issue new regulations for addressing the inheritance process or the right to sign a contract.

Commercial Dispute Resolutions:

- Establish and implement Consumer protection standards
- Redress mechanisms.
- Out of courts settlements.

Supply-side \ Financial Institutions - MSME offering

These days, women are not more likely than men to be rejected for loans, but women are less likely to apply for loans than men.[12]

- Target gender products: Adopt flexible loan conditions and fast decision-making procedures.
- Limited funds availability for women's MSMEs: Consider earmarking funds or setting a target for women's MSMEs or encourage participating FIs to target women's MSME borrowers among the total borrowers.
- Review current loan application handling procedures to ensure that applications from small women's businesses, particularly first-time applicants, would not be disadvantaged.
- Conduct information campaigns and outreach to women's MSMEs on FIs' financial services and products.
- Inability to meet collateral requirements: Consider granting microcredit cleanly; effectively introducing clean short-term loans in smaller amounts during the first cycles is an effective inclusive and empowerment tool. For larger ticket items, FI's might consider group or third-party guarantors, or if the modus operandi allows movable assets themselves, or ultimately a piece of jewelry can be accepted as collateral. This should be backed by transparent financial reporting.
- Raise gender awareness of FI staff, and provide incentives for staff who champion outreaching women as clients.
- Adopt measures to ensure that transaction details are not shared with anyone else, including the husbands or other family members.
- Use gender-disaggregated data analytics.
- Bridge between MFIs and formal FIs[13]. Either MFIs or commercial banks could provide a bridge product. To support women entrepreneurs' transition from microfinance borrowers to formal FI loan borrowers, consider narrowing the loan size and requirement gaps between the two.
- Provide mezzanine finance as a long-term stable source of financing for companies that are cash flow positive to further grow through expansion projects with grace periods.

[12] From World Bank. 2010. Gender Dimensions of Investment Climate Reform, in ADB Gender Toolkit.
[13] ADB, Gender Tool Kit: Micro, Small, and Medium-Sized Enterprise Finance and Development

- Offer various financial services outside of MSME lending, such as micro-insurance and savings if permissible, and once savings are built, leverage these as a qualifier to access a larger loan.
- Provide business development services, financial literacy, value chain networking, and other services as part of the FI's service package.

Making Digital Finance Work for Women in the MENA Region

Governments across the region are adopting financial inclusion strategies that aim to improve women's access to finance and associated financial services. Innovative Digital Financial Services (DFS) have significant potential to accelerate this process by enabling low-income women to access financial services through non-traditional channels. However, this is not a given. It requires a deliberate approach to ensure that emerging digital finance ecosystems in the region evolve to include women, rather than leave them behind. AWEF's latest Practitioner Learning Brief presenting a number of lessons on how to design & implement interventions that can pave the way for women's digital financial empowerment across the south med region and more widely.

1- Start by building a holistic understanding of women's needs and preferences as users of DFS
2- Make DFS accessible by building inclusive distribution networks
3- Integrate Non-Financial Services into DFS delivery
4- Build upon what women trust and digitize traditional finance models to scale-up impact
5- Encourage the development of a solid DFS ecosystem that offers products and services that women want and need
6- Expand access to universal digital identities to help low-income women build their credit history across borders
7- Leverage e-commerce and female consumers' appetite for social media
8- Invest in sex-disaggregated data analysis to monitor progress and build the DFS for Women Business Case.

In https://seepnetwork.org/Blog-Post/ [14]

Demand side

It is necessary to be aware of the characteristics of women-owned businesses in different contexts to support such an essential entrepreneurial sector, whereby MFIs would offer specific products to encourage female entrepreneurs. Although women's businesses last as long as men's, they tend to start smaller and grow slower; they stay smaller throughout their lifetimes. Women's businesses are concentrated on commerce, services, and light manufacturing, particularly in sectors using traditional technologies. Women frequently use family members rather than hired labor (conditions and payment methods may differ); their income-generating activities are often based in the home Business activities provide essential income for women to maintain the household wellbeing. In fact, women's income is often as important or larger than men's income.

[14] seepnetwork.org

MFI's would conduct information gathering at the venues where potential women clients gather, such as schools, health clinics, and women's cooperatives, to properly assess needs and develop financial products and services that meet the aspirations of women's MSMEs.

It is also important to address and resolve three significant hurdles:

- Mobility
- Convenience
- Safety

Consider branch or booth locations in rural areas closer to clients, mobile phone banking, and other technology-based service delivery channels to cut operating costs and outreach remote areas.

Consider location, timing, and environment safety that would not burden women's limited time and mobility constraints.

Global evidence shows that women have far limited financial literacy than men. There are multiple reasons, but the most prominent ones are the limited access to financial services, which generally limits women's knowledge of financial products, and the sociocultural context that drives women to be more dependent on husbands and other male family members.[15] Therefore women's MSMEs have far more capacity needs than men-owned MSMEs due to their general lack of previous experience, limited business interaction, lack of confidence in dealing with procedures, and lack of networking. Therefore, it is important to tackle the following areas:

- Financial literacy
- Capacity building
- Digital literacy (leveraging e-commerce)

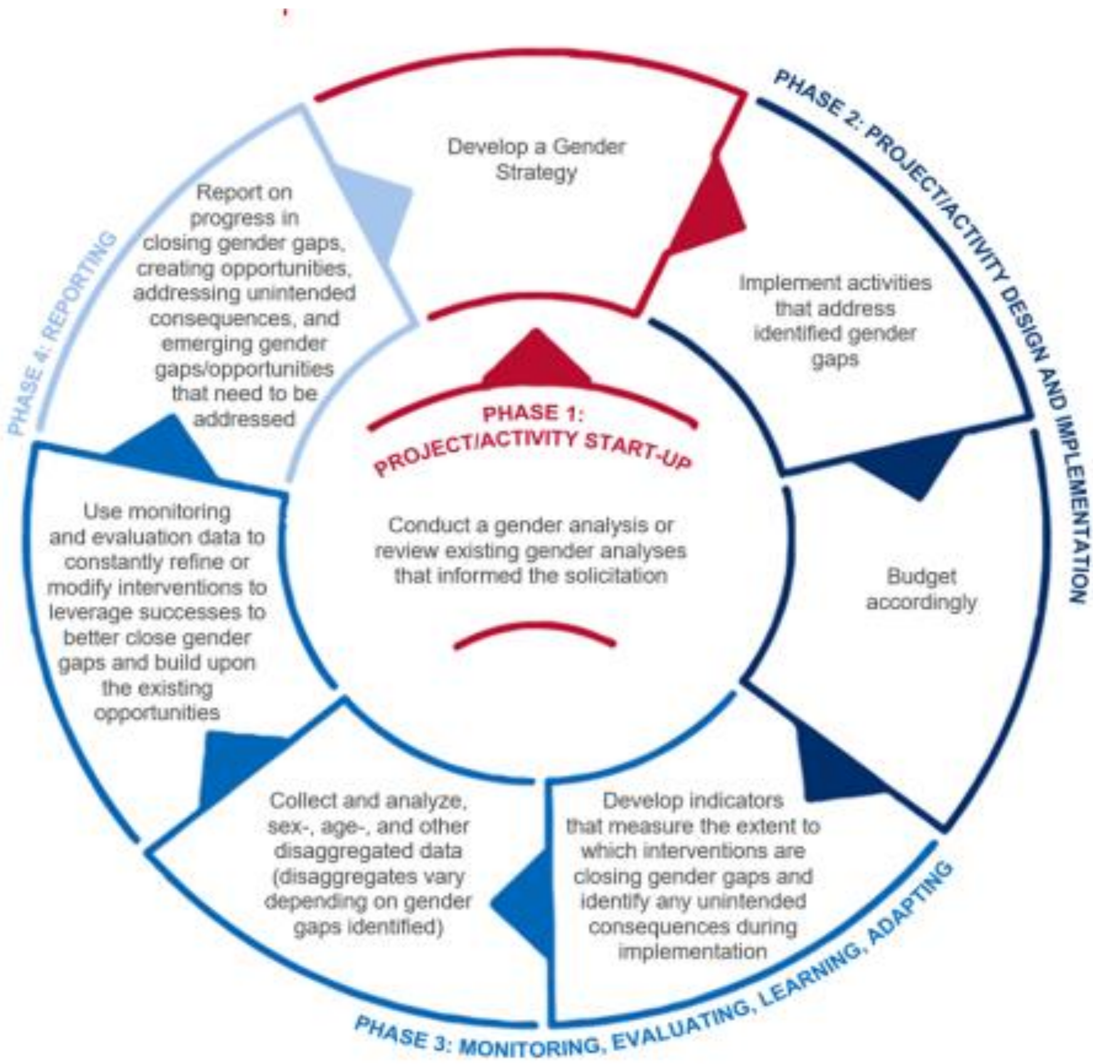
MFI's and FI's can use available networks of business development service (BDS) providers with well-established expertise in extending the proper capacity building and support activities, targeting different levels from basic literacy to financial planning. When extending BDS support, choosing the right service provider for the specific target population is important.

The way forward

To meet the development challenges in emerging markets—and to tap into the enormous potential of the women's market for banks and businesses—the barriers to access to finance for women-owned SMEs need to be addressed urgently. Therefore its highly recommended that financial institutions, policymakers, development finance institutions, and private sector stakeholders actively reduce the financial and non-financial barriers women-owned SMEs face, thus enabling an ecosystem conducive to women's entrepreneurship. Integrating gender into its strategy is an ongoing procedure**;** the following is an overview of suggested steps to ensure effective gender integration in countries' national strategies, development institutions, and private sector market players; planning, budgeting, and monitoring[16] .

[15] Ibid.

[16] Resource guide for gender integration in access to finance program, USAID-Lebanon



In the Project\activity start-up phase, the stakeholder should give more attention to the following;

- Establish minimum institutional competencies and baselines for all partners, management, and technical staff to ensure general awareness and commitment to supporting the project's gender integration strategy.
- Promote gender parity in hiring, particularly in key management and technical positions, and build awareness and capacity for gender integration in day-to-day project activities.
- Establish basic performance metrics relevant to project roles and responsibilities regarding support for gender integration and non-discrimination across project activities
- Examine specific cultural, policy, economic, and other enabling factors and barriers (both supply- and demand-side)
- Consult with target populations and direct stakeholders/partners by gender, age, geography (urban vs. rural), and current family income/status
- Establish specific metrics and milestones which align with overall project objectives, timelines, responsibilities, and targets for implementation.

Design and implementation phase,

- Review and ensure budget allocations for gender analysis, strategy implementation, technical oversight, staff/partner capacity strengthening, and gender-economic empowerment-focused activities.
- Determine capacity baselines and targets for gender integration and women's economic empowerment programming.
- Implement funding and non-funding activities.

Monitoring, Evaluation, Learning, And Adapting phase,

- Disaggregate all project M&E people-level data by sex, age, geography, and other relevant factors. Conduct focus group discussions or key informant interviews to understand their needs and priorities
- For projects supporting business loans, specify targets by both numbers of loans and the amount of funds loaned to women in a given period
- Identify opportunities to adapt, replicate, or scale up promising interventions.

PHASE 4: Reporting

- Report on progress in closing gender gaps, creating opportunities
- Share best practices, case studies, success stories, and lessons learned.

Finally, defining standard indicators to measure outreach and women-led businesses' access to finance is crucial. Practitioners and stakeholders use different indicators to measure impact. Defining a unified indicator and measurement approach would enable further benchmarking and comparison, especially when aggregating results and outcomes from different interventions. The Alliance for Financial Inclusion (AFI) has developed a set of measurement indicators and approaches. When the AFI Core Set was first developed, it was considered essential to include a socio-demographic component to help assess whether financial inclusion policies were increasing access and use. Today, all indicators in the Core Set capture data on population, actual and potential users of financial services, administrative units where target populations live, and other socio-demographic factors. Over time, this has allowed national regulators to develop indicators that collect more granular and segmented data and respond to policymaking needs and questions more effectively.

AFI guidelines propose a three-part approach to measurement[17]:

- Access to formal financial services,
- The quality of those services,
- The actual use of services.

In addition to meeting minimum requirements for disaggregating data by sex, program-specific indicators could measure changes in gender norms and access in the three areas, such as a change in financial capacity among female recipients, change in awareness or attitudes regarding gender-

[17] AFI **Guideline Note 4: Core Set of Financial Inclusion Indicators,** https://www.afi-global.org/publications/2351/Guideline-Note-22-Indicators-of-theQuality-Dimension-of-Financial-Inclusion

related barriers to access among loan officers or other key stakeholders, or increase in women's sense of agency over financial decisions at home or in their business as a result of programming.

The following illustrative indicators provide examples across these areas. Specific indicator language and approach to measurement will need to be adapted to project activities, targets (which may be set by numbers or percentages), and identified data sources as a part of the project "Monitoring, Evaluation and Learning Plan" (MEL plan).

- Number of women (or proportion of female recipients) who secure a business loan under project activities
- Average loan amount participants received (disaggregated by sex) under project activities
- Number (or proportion) of women who graduate business loan status under project activities
- Percentage increase in number of female loan officers and managers hired by the MFI
- Number (or proportion) of female participants in leadership/management training
- Number of bank/MFI branch manager participants (disaggregated by sex, age, and geography) completing program-supported gender sensitivity training sessions
- Number (or proportion) of female program recipients/loan recipients reporting applying lessons learned to their business six months down the cycle.

Conclusion

Throughout the years, financial institutions have played a vital role in providing financial services to women-led businesses and paving the way for women-led businesses to access funds; however, there is still more need to invest and further research to understand the need.

This guide explains how to target women entrepreneurs and women-led businesses and tailor products and service delivery to them. It provides step guidance for beginning to incorporate gender-inclusive strategies into content and delivery of services, helping service providers and stakeholders to set the foundations for better overall impact and effectiveness to increase financial inclusion for women-led businesses starting from understanding the demand characteristics and the ability of the financial institutions to meet that needs. Key stakeholders and regulators must understand the challenges faced by women-led businesses.

The following recommendations address how non-banking financial institutions, policymakers, development finance institutions, and private sector stakeholders can actively reduce women-owned SMEs' financial and non-financial barriers, thus enabling an ecosystem conducive to women's entrepreneurship.

- **Develop stringent policies and regulation**s that could simplify access to finance for Women-owned businesses through non-banking financial institutions.
- **Incentivize NBFIs** through soft loans to increase women lenders in their portfolios
- **Providing awareness sessions for women-owned businesses** on the latest financial and financial services
- **Raise women-owned businesses on the latest fintech solution** to simplify access to funding

- **Develop an enabling environment;** The governments should Develop a comprehensive framework to assess the country's gaps in supporting gender equality, including women's entrepreneurship
- **Employ an ecosystem approach** to encourage collaboration and enable women's entrepreneurship
- To support women's entrepreneurship, financial institutions should understand that women-owned MSMEs are a sub-segment of greater MSME finance and therefore **develop a specific value proposition to serve them profitably and sustainably**
- **Develop a definition for formal women-owned SMEs** and establish a firm knowledge base of gender-disaggregated data for SMEs
- **Develop a set of predefined measures to assess achieving goals and objectives** in three categories; Access to formal financial services, The quality of those services, and the actual use of services

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About the MED MSME Programme Support

The EU-funded "MED MSMEs" is a policy support programme contributing to the implementation of the Union for the Mediterranean (UfM) Regional Platform for Industrial Cooperation Work Programme (2018 – 2020) in 8 South Mediterranean countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria[18], Tunisia).

Fostering the North-South and South-South exchange of experience and good practices, the MED MSME Programme developed this Regulatory Sandbox Guide and is expected to further support Participating Countries who are considering the establishment and implementation of Regulatory Sandboxes by conducting the following activities:

1. Organizing a webinar to Participating Countries and respective regulators to further elaborate and discuss the main features and requirements for the establishment of a Regulatory Sandbox and present the main findings of the Guide.
2. Facilitating an exchange of experience and knowledge sharing between Participating Countries and EU countries.
3. Organizing a study tour to selected EU countries for a minimum of three of the Participating Countries.
4. On-demand facilitation of discussions for signing Collaboration Agreements.
5. Technical support (e.g. drafting of founding document) if included in the MED MSMEs Programme roadmaps developed at the level of the 8 partner countries.

Get more info on: www.medmsmes.eu

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[18] Cooperation with Syria is temporarily suspended until further notice from the European Commission.