OECD Studies on SMEs and Entrepreneurship

Bridging the Finance Gap for Women Entrepreneurs

Insights from Academic and Policy Research

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Foreword

Removing barriers to the creation and growth of businesses, including for women entrepreneurs, is a common policy goal of governments around the world. It is estimated there were 34 million "missing entrepreneurs" in OECD countries in 2023 (people who would be entrepreneurs if their social group – women, youth, seniors, immigrants – had a business startup rate equal to men aged 30 to 49). As many as 70% (24.8 million) of those "missing" were women.

The likelihood of people getting involved in entrepreneurship and the performance of new firms also varies between women and men. In the OECD area, 9% of working age women were actively working on a start-up or managing a new business in 2018-2022, compared to 11% of men. Women entrepreneurs also had lower growth expectations and export rates than men entrepreneurs. Only 11% of women entrepreneurs in OECD countries expected their start-ups to create at least 19 jobs in the next 5 years, compared to 16% of men. And only 25% of women entrepreneurs had firms that were exporting compared to 30% of men.

Women entrepreneurs contribute to making economies innovative and dynamic, however, they continue to face barriers – including cultural, skills, networks, regulations and access to financial capital—that hinder their entrepreneurial activity. The finance barrier is one of the most important, as reported by women entrepreneurs and demonstrated by data. For example, women entrepreneurs are about 25% less likely than men entrepreneurs to use bank loans to fund their business, and women typically launch their businesses with smaller amounts of financial capital than men. In terms of venture capital, only 2% of European equity investments go to all-female founding teams, while women who do acquire venture capital investment receive only about 70% of the funding amounts of men. Overall, when women entrepreneurs receive external finance, they tend to receive smaller amounts, pay higher interest rates, and are required to secure more collateral than men.

Public policy can address these gaps and increase opportunities for women to start and grow their business with a range of different tools. They include dedicated microfinance, bank credit and venture capital schemes for women. Initiatives for improving women's access to mainstream finance can take the form of new credit scoring methods, credit guarantee offers, promoting women participation on fund boards and selection committees, promoting new digital and fintech options for finance, and increasing financial literacy and investor readiness of women entrepreneurs through advice, training and consultancy.

This report examines the issues and policy solutions used around the world to develop women's entrepreneurship financing. It is aligned with the principles of the *OECD Council Recommendation on SME Financing*, which underlines the need to develop a wide range of financing options for entrepreneurs and recognise differences between different entrepreneur profiles, and builds on the findings of the OECD flagship report *Financing SMEs and Entrepreneurs Scoreboard* as well as broader OECD work on women entrepreneurship, including the report on *Entrepreneurship Policy through a Gender Lens*. It covers avenues such as fostering an entrepreneurial culture, strengthening financial literacy, leveraging angel investments, boosting microfinance, financing growth-oriented start-ups, improving programme design and access, and harnessing the potential of fintech innovations. As well as an international assessment of the state of women's access to entrepreneurial finance and success factors for policy, the report offers 29 country-specific policy insight notes, each focused on a specific thematic issue building on their national context. All policy notes submitted for this report by external authors were reviewed by the Committee on SMEs and Entrepreneurship and relevant OECD bodies, and have been subject to the OECD editorial process.

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The collaboration was initiated by Jonathan Potter (OECD), Colette Henry (University of Dundalk Institute of Technology, Ireland), Susan Coleman (University of Hartford, USA), and Barbara Orser (University of Ottawa, Canada).

This report was edited by David Halabisky, Jonathan Potter and Helen Larrecq at the OECD and Beldina Owalla and Tim Vorley at Oxford Brookes University. Additional feedback was provided by Lucia Cusmano, Nadim Ahmad, Karen Maguire, Andrew Paterson, Shayne MacLachlan and Miriam Koreen of the OECD.

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Reader's guide

What will I learn from this report?

This report provides valuable insights for policy makers who are interested in understanding the barriers to entrepreneurship by women and how public policy can address them, based on international academic and policy research. It includes a presentation of cross-country data on levels and characteristics of entrepreneurship activity by men and women and data and evidence on access to finance by women. The key policy issues are also highlighted to readers. Note that references to gender and gender gaps in entrepreneurship refer to activities by men and women entrepreneurs and differences between them.

The report contains a collection of 29 policy insight notes from different OECD and emerging and developing country economies, each focusing on a women's entrepreneurship finance issue. Some of these issues are long-standing (e.g. effectively delivering microfinance), while others are attracting increasing attention from governments (e.g. investing in high-growth potential women entrepreneurs and harnessing fintech to address gender gaps in finance). The notes describe the context, policy issues, policy developments and lessons.

How can I read this report?

The report can be read from cover to cover, but it was designed to allow readers to easily access materials on issues or economies that are of most interest to them. It is structured in two parts. Part I contains nine chapters, with the first presenting the main policy messages from the policy insight notes and the second illustrating the state of women's entrepreneurship across OECD countries. Chapters 3 through 9 provide an overview of a policy issue related to improving access to finance for women entrepreneurs. Part II is comprised of 29 policy insight notes from OECD countries and beyond. An overview of the issues and economies covered is provided in Table 1.

Table 1. Overview of the focus of the women's entrepreneurship policy insight notes

Policy area	Note	Policy issue
Fostering conducive cultural attitudes	China	Social and cultural issues related to financial policies
	Czechia	Gender norms and access to finance for women entrepreneurs
	Iran	Social attitudes and the funding landscape for female entrepreneurs
	Malaysia	Social and cultural perspectives on navigating financial access
	Uganda	Socio-cultural issues affecting access to finance
Boosting financial literacy	Canada	Financial literacy programmes
	India	The need to boost the financial literacy of women entrepreneurs
	Mexico	Digital financial literacy and financial exclusion
Facilitating access to start-up funding through microfinance	Sri Lanka	Human rights and microfinance
	Tanzania	Access to microfinance for start-ups

Leveraging angel investors and networks for equity investments	Poland	Lack of government policy initiatives and networks
	United Kingdom (Wales note)	Women entrepreneurs' access to finance
Financing growth-oriented start-ups	Australia	Financing growth (public and private)
	Brazil	Supporting innovative women entrepreneurs
	Finland	Addressing the under-representation of women in innovative entrepreneurship
	France	Financing women entrepreneurs in tech
	Italy	Financing female-led innovative start-ups
	New Zealand	Mitigating the gender gap in equity finance
	Nigeria	Women-owned businesses and social-cultural issues affecting access to finance in multinational supply chains
	United States	Access to growth capital
Harnessing the potential of fintech to improve access to start-up finance for women entrepreneurs	United Kingdom (Scotland note)	Improving access to finance through crowdfunding
	South Africa	Boosting financial inclusion with fintech
	Spain	Women in the fintech sector – all that glitters is not gold
Improving programme design and access	Ireland	Women entrepreneurs struggle to access start-up and early-stage finance
	Kazakhstan	Empowering women entrepreneurs: A regional government perspective
	Slovenia	Competition for financial incentives for women entrepreneurs
	Sweden	SMEs' access to finance
	United Kingdom	Access to start-up finance
	United Kingdom (Northern Ireland note)	Absence of a dedicated women's entrepreneurship finance policy

How was this report developed?

This report was developed under the responsibility of the OECD with collaboration from the Global Women's Entrepreneurship Policy Research Project (GWEP). The report digs deeper into an issue identified as one of the key constraints to women's entrepreneurship in a previous OECD-GWEP report *Entrepreneurship Policy through a Gender Lens* (OECD, 2021[1]), namely access to finance for women entrepreneurs.

The OECD Secretariat drafted material based on international data on the state of women's entrepreneurship and women's entrepreneurship finance and a stocktaking on policy trends and issues internationally. Academic experts in the GWEP network were invited to propose short country-level women's entrepreneurship policy insight notes on a topical issue related to access to finance. A balance of proposals was selected by the editors for inclusion in the report and a few papers were solicited from other academic experts to expand the range of material. The country-level policy insight notes were peer-reviewed by the GWEP network and the OECD, and versions were finalised by the editors. The full report was discussed by the OECD Committee on SMEs and Entrepreneurship (CSMEE), reviewed by the OECD Secretariat and published under the responsibility of the Secretary-General of the OECD.

Reference

OECD (2021), *Entrepreneurship Policies through a Gender Lens*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, https://doi.org/10.1787/71c8f9c9-en. [1]

Executive summary

Lower rates of women's entrepreneurship are a missed opportunity for economic growth

Despite a recent increase in the number of women entrepreneurs, there is still much room to increase the number and impact of new businesses created by women by addressing the barriers that women entrepreneurs face. In OECD countries, women were about 75% as likely as men to be starting or managing a new business during the period 2019-23. This is a slight reduction in the gap between men and women relative to the 2014-18 period when women were about 70% as likely. In addition, there are important differences in the nature and scale of businesses started and managed by women relative to those managed by men. These include, on average, lower levels of job creation, less innovation and fewer customers abroad. However, this picture varies greatly across countries, reflecting differences in context, such as cultural norms (e.g. norms pertaining to women's participation in the labour market), labour market conditions (e.g. number and type of job vacancies), conditions for business creation (e.g. time and cost of starting a business), and the size of the informal economy (e.g. number of unregistered businesses).

The gap in the entrepreneurship rates between women and men have a cost for economies. For example, recent estimates in the United Kingdom suggest that about 12% of GDP would have been added to the economy in 2017 if women started and scaled businesses at the same rate as men.

Access to finance is a key barrier to women's entrepreneurship

Survey and transaction data consistently show women are less likely than men to obtain the finance needed to start a business. Women entrepreneurs are about half as likely as men entrepreneurs to report that they had borrowed funds from a bank to start, operate or expand a business and businesses owned or led by women receive only about 2% of total venture capital investments. Moreover, even when women succeed in securing loans and investments, they typically do so under less favourable conditions than men. For example, they often pay higher interest rates and are required to provide more collateral when they receive loans. In addition to the direct consequences of securing less funding, the financing gap also results in women entrepreneurs being less likely to seek investments or loans because they believe that they will not be successful.

The causes of the gap in entrepreneurship financing between women and men involve institutional and market failures on both the supply- and demand-side of financial markets as well as the specific characteristics of women-owned businesses (e.g. size and sector of the firms women entrepreneurs create and run). The issues include unconscious bias, such as stereotyping of women in lending and investment processes, and the lack of alignment of financial products and services with the needs of women-led businesses. Underlying some of the supply-side issues are an under-representation of women in lending and investment decisions as well as a lack of granular data to fully understand these issues and demonstrate the business case for financing women by demonstrating the viability of lending and investment to these businesses. On the demand side, the obstacles often stem from lower levels of entrepreneurship experience among women, participation in sectors that are characterised by lower profit margins and business survival rates, and reticence of women entrepreneurs to seek external finance. These factors can reduce the ability to identify potential funding sources, reduce the attractiveness of financing opportunities for finance suppliers, and negatively impact how business projects are pitched to lenders and investors.

Governments have made progress, but there are opportunities to do more and with a wider range of policy tools

There are several economic rationales for government interventions to improve women's entrepreneurship finance. These involve addressing market and institutional failures, which include information gaps and asymmetries between entrepreneurs and investors, positive spillovers from women's entrepreneurship such as innovation, job creation and economic diversification, and discrimination and bias in finance supply. If governments seek to strengthen the suite of measures and instruments used to support access to finance for women entrepreneurs, the policies and measures from around the world showcased in this report offer inspiration and lessons.

Consider a range of financing instruments

Many governments operate women's entrepreneurship finance policy instruments, as shown in the policy insight notes in this report. The support landscape includes an evolving range of instruments. Key measures include loans, loan guarantees and microcredit. These are increasingly complemented by newer instruments such as fintech solutions and venture capital and angel investment for high-potential women-led start-ups. It is important that governments stimulate a range of financing instruments for women entrepreneurs to match the multi-faceted nature of financing needs and barriers and the variety of women entrepreneurs and contexts.

Developing women's entrepreneurship financing and enabling a range of financing instruments are stressed in the *OECD Council Recommendation on Gender Equality in Education, Employment and Entrepreneurship,* the *OECD Council Recommendation on SME and Entrepreneurship Policy* and the *OECD Council Recommendation on SME Financing*.

Monitor finance gaps and barriers

Monitoring financial conditions for women entrepreneurs provides the evidence to support the delivery of effective finance policies, particularly for newer and rapidly evolving financial markets and products such as fintech. The OECD/European Union (EU) The Missing Entrepreneurs reports are important in monitoring trends in women's entrepreneurship and policy developments internationally, including on the issue of access to finance. However, data on the supply and demand of financing of start-ups led by women remain under-developed. In response, the OECD engages in the Women Entrepreneurs Finance Code (WE Finance Code), a global multi-stakeholder effort launched in October 2023 that aims to collect gender-disaggregated data both at the national level through public national authorities and at more granular level through private financial institutions.

Better target financial support and create links with non-financial support

The report shows that existing policy measures are not reaching their full potential, in part because they are not sufficiently targeted to the specific needs of start-ups launched by women (e.g. amount of funding required, eligible sectors) and do not account for how women entrepreneurs access support services. This is illustrated clearly by the policy notes covering microfinance and growth-oriented finance, which discuss the challenges these types of instruments have in reaching women entrepreneurs. It can also be important to offer non-financial supports alongside improving financing supply, including making investments in financial literacy training or offering leadership training for high-growth potential women entrepreneurs alongside finance.

Address structural issues affecting access to finance for women entrepreneurs

There is also a strong need to address broader structural inequalities that often hinder access to finance for women entrepreneurs. This includes the gender imbalance in unpaid work and unequal access to property ownership rights, as well as differences in levels of entrepreneurship education and entrepreneurial networks. Greater efforts are needed to reduce unconscious gender bias in entrepreneurial ecosystems, which not only restricts access to capital but also leads to a self-restriction by women in their entrepreneurial ambitions. Governments can consider using packages of interventions that include education and awareness campaigns and leveraging the influence of community leaders and central financial actors to act as role models for the rest of the ecosystem.

Increase collaboration with private sector actors

Many of the policy notes in this report underline the important role of the private sector in access to finance for women entrepreneurs. One of the ways the public sector can better leverage private capital is by developing co-investment models with private investors, e.g. through contributing to venture capital funds or angel networks aimed at women entrepreneurs. One of the priority challenges is to address the under-representation of women in decision-making roles in equity investment, for example by setting targets for female representation, offering training for investment roles and supporting the creation of investor networks for women entrepreneurs who could invest in other women.

1 Key findings and policy messages

While public policies in many countries have increasingly targeted efforts to increase entrepreneurship by women, access to finance remains a major barrier. This chapter summarises the key findings and policy messages of the report on the state of women's entrepreneurship financing and avenues for policy development to increase access to finance, based on the analysis and policy insights from country examples.

Entrepreneurship activity by women is increasing but still lags behind that of men

Women are less likely than men to pursue business creation. On average, only three women aged 18-64 reported working on a start-up or managing a new business for every four men in OECD countries between 2019 and 2023, according to data from the Global Entrepreneurship Monitor.

Women entrepreneurs are also, on average, slightly less likely than men entrepreneurs to pursue economic opportunities with their businesses. In the period 2019-23, women entrepreneurs were about 5% less likely than men entrepreneurs to be pursuing an economic opportunity, rather than acting out of necessity. This gap is even larger among growth-oriented entrepreneurs, as women were about 41% less likely than men to expect that their business would create at least 19 jobs over the next five years.

There has been progress, however. The gap in start-up rates between women and men reduced in 25 of the 34 OECD countries where data are available between the periods 2014-18 and 2019-23. Countries like France, Ireland, Lithuania, Poland, Romania, Slovenia and the United Kingdom saw significant progress, while the gender gap narrowed to a lesser extent in another 18 countries. Conversely, the entrepreneurship gap between women and men increased in four countries (Finland, Japan, Latvia and Norway).

The variation of the gender gap in entrepreneurship across countries is explained by a range of factors influencing an individual's decision to start a business. These include differences across countries in attitudes to entrepreneurship by women and men, labour market conditions for women and men, conditions for business creation including the availability of resources to women and men, and the size of the informal economy (OECD/European Commission, 2023[1]). Barriers to entrepreneurship are often inter-connected, leading to heightened barriers for women entrepreneurs. For example, gender norms concerning women's participation in the labour force can limit their skills development and professional networks for entrepreneurship, which can lead to further challenges in accessing finance to start and grow their businesses.

Access to finance is a particularly important barrier for women entrepreneurs

While access to finance poses challenges for most entrepreneurs, women entrepreneurs often face more difficulties than men in accessing finance. Data from the World Bank Enterprise Survey show that in 2024 women were about half as likely as men to report that they have borrowed funds from a bank to start, operate or expand their business. This gender gap was observed in almost all OECD countries. It stems from institutional and market failures on the supply- and demand-side of financial markets including for example a misalignment of financial products and services with the needs of women-led businesses on the supply-side and lower levels of available collateral held by women on the demand-side, combined with the specific characteristics of women-owned businesses, including the size, sector and age of the firms started by women.

One significant barrier is the documented bias in lending practices and investor preferences. This includes gender stereotyping in lending and investing processes as well as gender bias in credit scoring and risk assessment models. These challenges are often reinforced by a lack of involvement of women in lending and investment decisions.

Other challenges include the nature of the financing request and entrepreneur's background. Women entrepreneurs typically request smaller amounts of financing than men, which result in higher proportional costs associated with assessing and managing finance for lenders and investors. Many women entrepreneurs also have more limited collateral and credit history information.

When women entrepreneurs receive funding, they often obtain smaller amounts and often under less favourable conditions than men entrepreneurs. Women entrepreneurs on average pay higher interest rates and are required to provide more collateral when they receive loans, even when controlling for loan size. The gender gap in start-up financing is particularly noticeable among growth-oriented businesses and businesses operating in STEM sectors (science, technology, engineering and mathematics). Globally, women receive only about 2% of total venture capital investments (Teare, 2020[2]) but one important factor is the difference in demand for venture capital (VC) between women and men entrepreneurs. One estimate shows that women entrepreneurs are about 63% less likely to secure VC funding compared to men overall, but nearly two-thirds of this gap can be attributed to differences in growth orientation (Guzman and Kacperczyk, 2019[3]). Further, one estimate finds that women who do receive VC investment, only receive about 70% of the funding that men receive on average (Lassébie et al., 2019[4]). Due to these financing gaps, women entrepreneurs may be less likely to seek investments or loans because they believe that they will not be successful (OECD/The European Commission, 2013[5]). This discouragement can ultimately restrict the growth potential of women-led businesses (Naegels, Mori and D'Espallier, 2022[6]; Kilincarslan and Li, 2024[7]).

The range of issues and entrepreneurs requires multiple policy instruments

Policies for improving access to finance for women entrepreneurs often comprise a range of policy instruments in order to address the multiple facets of the women entrepreneurship financing challenge and the variety of women entrepreneurs and entrepreneurial projects.

As set out in the *2022 Updated G20/OECD High-Level Principles on SME Financing* (OECD, 2022[8]) and the *OECD Recommendation on SME Financing* (OECD, 2023[9]), policy measures to support access to finance for entrepreneurs in general (implicitly targeting both women and men) include actions to address the following types of issues:

- Raising entrepreneurs' awareness of different types of finance and the available funding sources and their requirements;
- Facilitating the matching between the appropriate finance sources and entrepreneurs and facilitating network creation between entrepreneurs and lenders and investors;
- Developing an appropriate regulatory environment, notably for new forms of finance such as fintech, that balances investor and consumer protection;
- Reducing risk in the market through loan guarantees; and
- Supporting the creation and development of new marketplaces and financial institutions.

It is also important for policy to facilitate a range of financing instruments suited to different types and phases of entrepreneurship, from microbusinesses to high growth potential startups, and different types of entrepreneurs. All the above actions are therefore relevant for building financing for women entrepreneurs but given the finance and entrepreneurship gaps, additional measures could help strengthen finance supply and the reach of policy measures to women entrepreneurs. This includes consideration for how support measures are delivered. Women entrepreneurs may not always access support programmes if they are perceived as being designed and delivered to groups that are comprised of mostly men entrepreneurs. Moreover, women undertake a disproportionate amount of care work, which can affect their availability to go to support centres or participate in training sessions at certain times of the day.

Sometimes governments introduce targets for women entrepreneurs in general government-sponsored finance supports as well as operate dedicated entrepreneurship finance policy measures specifically for women. Some of the most common policy instruments to support entrepreneurial finance for women are loans, loan guarantees and microfinance (ECB, 2020[10]). However, government toolkits are expanding to include emerging tools such as fintech, as well as placing a greater emphasis on boosting investor readiness and introducing a growing number of publicly supported equity programmes for women entrepreneurs. The latter includes venture capital funds or fund-of-funds targeting women entrepreneurs and dedicated envelopes for fund-of-funds investments into women-led venture funds (OECD, 2025[11]; European Investment Bank (EIB), 2020[12]), typically targeting early-stage businesses (OECD, 2024[13]).

This report notes that governments can take advantage of a range of policy actions for women's entrepreneurship finance. The different tools address issues spanning entrepreneurship culture, financial skills gaps, access to debt and microfinance, access to equity marketplaces and encouraging fintech solutions. All of these can be used to support a wide range of women's entrepreneurship projects with different ambition levels and goals, at different stages of development, and across different sectors.

Better data on finance use and barriers for women entrepreneurs would support better policymaking

It is also important to collect more evidence on access to finance for women entrepreneurs to shed light on barriers and gaps in financial markets. This is particularly true for new financial markets and instruments such as fintech and crowdfunding that are less well understood. There have been increasing efforts in this area at both national and international levels to address these gaps. For example, the OECD and European Union (EU) produce The Missing Entrepreneurs reports that monitor trends in women's entrepreneurship and policy developments across OECD countries and EU Member States, including on the issue of access to finance. However, data on the supply and demand of financing of start-ups led by women remain under-developed.

In response, the G20 recognised the importance of data collection and analysis as a priority action in addressing the SME finance gender gap and developed a basic set of gender-disaggregated financial indicators in 2013, as part of the G20 Global Partnership on Financial Inclusion (GPFI) and its SME Finance Sub-Group. The 2022 Updated G20/OECD High-Level Principles on SME Financing and the OECD Recommendation on SME Financing also call for gender-disaggregated data collection (OECD, 2022[8]; OECD, 2023[9]). More recently, the Women Entrepreneurs Finance Code (WE Finance Code) has become established as a global multi-stakeholder effort for systemic change to eliminate barriers in access to finance for women entrepreneurs, with the participation of the World Bank, the OECD, and the Financial Alliance for Women. It includes work to expand the quality and quantity of data on women-led firms' financing in collaboration with banks and governments in different countries.

Better target financial support measures to the needs of women entrepreneurs and link to non-financial support

A growing range of government policy measures are in place to improve the supply of finance to women entrepreneurs, but there is often a need to better target these measures, reflect local context and offer complementary non-financial supports, such as training, coaching and networking. The policy insight notes in this report show that the measures do not always reach their full potential because they may not be sufficiently targeted to different segments of women entrepreneurs. The policy insight note covering Sweden underlines the need to develop financial products and services that are in line with the needs and ambitions of different types of women-led businesses. For example, women operating small service-based businesses will have different capital needs than those launching ambitious technology-based companies. This is also illustrated in the notes that cover angel financing (Poland and Wales, United Kingdom), which illustrate how the development of women angel investor networks can help women entrepreneurs seeking equity access investors since they are more likely to invest in women entrepreneurs.

Targeted financial measures should reflect their context, including the local institutions, culture and social norms. The policy insight note covering France underlines this, showing how national technology innovation and start-up development programmes are adapted and delivered through a network of 114 “French Tech” regional and local support structures.

Governments can also go further to improve the quality of non-financial services that are offered alongside funding. This includes, for example, increasing the use of leadership training offered by programmes that support high-growth potential women entrepreneurs rather than generic business management training.

Address structural issues affecting access to finance for women entrepreneurs

While the use of dedicated measures can help some women entrepreneurs access funding for their business, there is also a need to address broader structural challenges that hinder access to finance for women entrepreneurs. For instance, in economies such as Canada, Germany and China, high-level strategies with a suite of measures are used to address broader societal issues. This includes, for example, the “She Economy” in China, which is a broader concept that seeks to leverage the contributions of women to spur economic growth. In developing countries, the approaches often focus on education and addressing legal restrictions to entrepreneurship by women, such as the prohibition of property rights, which greatly hinders access to credit. Overall, a multi-pronged approach is needed to address broader structural challenges, including broader education and promotion campaigns to shift societal attitudes towards women’s entrepreneurship.

Increase collaboration with the private sector

The private sector plays a critical role in finding solutions to the gender gap in access to finance. They provide new products and services, change operational practices and get involved in public policy initiatives such as for financial literacy development or delivering guaranteed loans. The majority of the policy insight notes highlights the role of the private sector, such as in relation to angel investors (e.g. Poland) or innovative women entrepreneurs (e.g. Finland). In addition, the private sector can amplify government efforts through co-investing schemes, including through angel networks, risk capital and crowdfunding platforms. Examples can be found in several notes such as those covering Wales, United Kingdom and New Zealand.

One of the priority challenges is to address the lack of women in decision making roles in private finance organisations such as banks, VC funds and investor networks. Training programmes and support for women in investor networks as well as new networks aimed at investing in women entrepreneurs are opportunities. Several examples are illustrated in the country policy insight notes, covering angel investment and financing growth-oriented entrepreneurs.

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Part I Financing women's entrepreneurship

2 Global state of financing for women's entrepreneurship

This chapter presents key indicators on women's entrepreneurship financing for OECD countries and beyond. It provides cross-country data on levels of entrepreneurship by women and men and the characteristics of the businesses they create and run. It offers data on the scale and gaps in women's entrepreneurship financing and the barriers women face, with comparisons to men. It also provides a summary of key policy issues for women's entrepreneurship financing drawing on literature and policy documents.

A push for equality of opportunities in entrepreneurship is needed

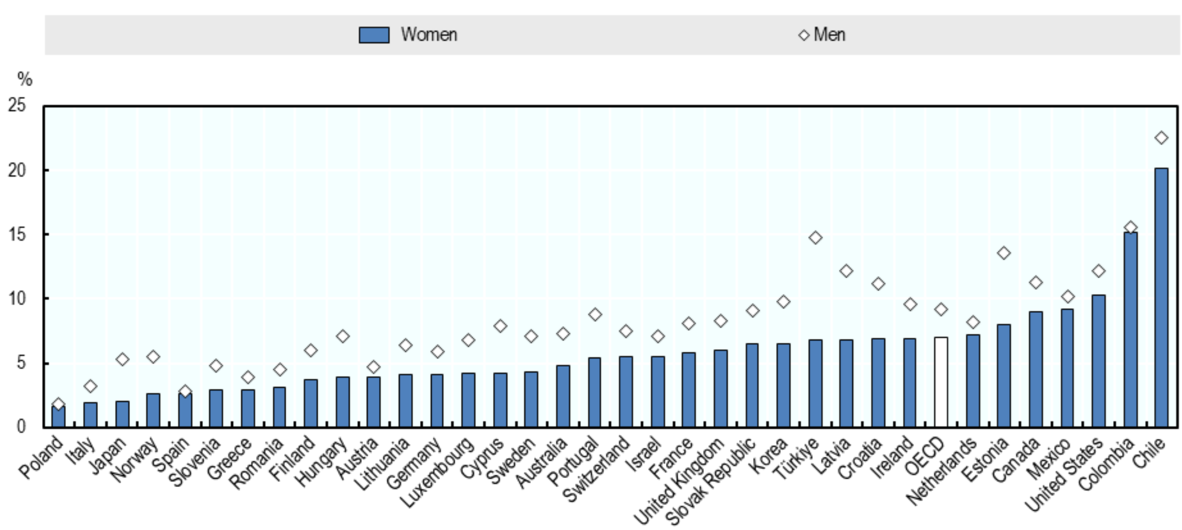
Although there has been much progress internationally in recent decades in reducing gender gaps in education and the labour market, there remains a sizeable gender gap in entrepreneurship. A key indicator is the share of women and men involved in working on a start-up or managing a new business that is less than 42 months old, i.e. early-stage entrepreneurship. During the period 2019-23, only about 7% of women across the OECD were involved in early-stage entrepreneurship relative to more than 9% of men (Figure 2.1).

Across countries, the rate of women in early-stage entrepreneurship varied from more than 15% of women in Colombia and 20% in Chile to only 2% in Poland, Italy and Japan. There are also cross-country differences in the size of the early-stage entrepreneurship gap between men and women. There was essentially no gender gap in Colombia, Poland and Spain, but the gap was relatively large in countries such as Türkiye, Estonia and Japan.

The gender gap in entrepreneurship has a cost for economies. If women participated in early-stage entrepreneurship at the same rate as 30-49 year old men, there would be an additional 24.8 million women entrepreneurs in OECD countries (OECD/European Commission, 2023[1]). The cost of these "missing" women entrepreneurs is significant. For example, estimates suggest that GBP 250 billion (EUR 286 billion) would have been added to the United Kingdom economy in 2017 – about 12% of GDP – if women started and scaled businesses at the same rate as men (Alison Rose, 2019[2]).

Figure 2.1. Women continue to be less likely than men to operate startups

Share of population that is actively involved in starting or managing a new business (less than 42 months), 2019-23



Source: (GEM, 2024[3])

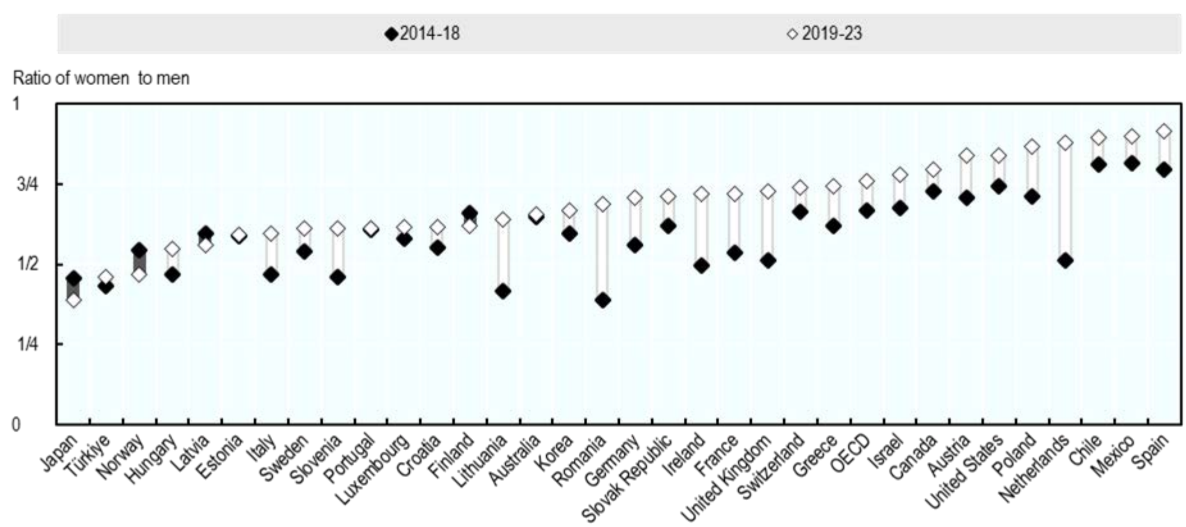
While the gender gap in entrepreneurship is long-standing, it has narrowed slightly over the past decade. There were about three women in early-stage entrepreneurship for every four men in the OECD area during the 2019-23 period. This had increased relative to the previous five-year period (2014-18), when there were about 2.7 women for every four men in early-stage entrepreneurship. Of the 34 countries where data are available, the ratio of women to men in early-stage entrepreneurship increased in 25 countries (Figure 2.2).

The reduction of the gender gap in early-stage entrepreneurship occurred despite the COVID-19 pandemic, which was disproportionately difficult for women entrepreneurs. International surveys show that women were about 40% more likely than men to report that they closed their business due to COVID-19 (OECD/European Commission, 2023[1]). This is largely explained by sector effects since the sectors impacted most strongly by lockdown measures (e.g. Personal services, Accommodation and food services, Arts and entertainment, and Retail trade) are those where women are over-represented in employment and entrepreneurship. However, another important issue was the greater likelihood that women took on more household and care responsibilities during the pandemic (e.g. homeschool, childcare), reducing time available to work on their business. This is underlined by the many national surveys and studies that demonstrate that women entrepreneurs were more likely to face reductions of workload and income during this period. For example, research in Germany shows that self-employed women were 33% more likely than self-employed men to experience income loss due to the COVID-19 pandemic (Graeber, Kritikos and Seebauer, 2021[4]).

While women's entrepreneurship has since bounced back from the pandemic as economies re-opened, many other challenges have emerged including political uncertainty, international conflicts and the rising costs of living and operating a business. Nearly half of people working on new startups in OECD countries in 2022 reported that it was harder to launch a business than in the previous year and women were much more likely than men to report that it was harder to start a business in most countries (OECD/European Commission, 2023[1]). This is consistent with the research that suggests that the COVID-19 pandemic also weakened the women's entrepreneurship support ecosystem (OECD, 2021[5]).

Figure 2.2. The gender gap in early-stage entrepreneurship narrowed in most countries

Ratio of women to men involved in early-stage entrepreneurship compared over time



Note: The Total Early-stage Entrepreneurship Activity (TEA) rate represents the proportion of the adult population (18-64 years old) that is actively involved in starting a business or the owner-operator of a business that is less than 42 months old.
Source: (GEM, 2024[3]).

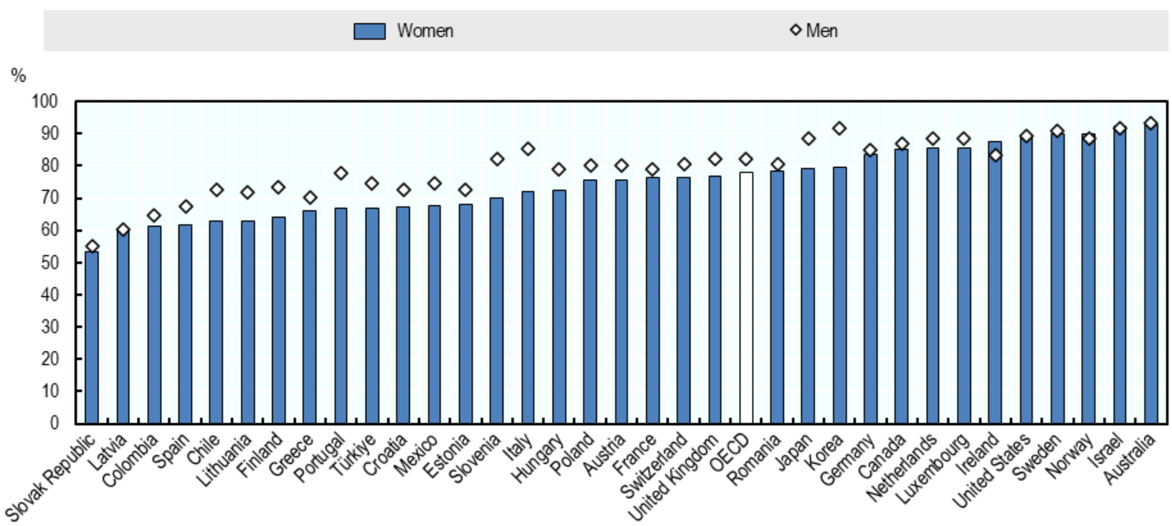
There are also gender gaps with respect to the scale and nature of business activities operated by women and men. There is a substantial literature suggesting that women generally have different motivations in entrepreneurship. Some women start businesses as a way to have flexible work so that they can effectively manage their work-life balance and care responsibilities, whereas others are taking the opportunity to pursue a business idea, are trying to avoid the "glass ceiling" in employment, or may not be able to find a job (OECD/EU, 2016[6]; OECD, 2021[5]).

On balance, women entrepreneurs are slightly less likely than men entrepreneurs to report that they started their business to pursue an opportunity. During the period 2019-23, 78% of women in OECD countries reported pursuing an economic opportunity with their start-up relative to 82% of men (Figure 2.3). The gender gap in opportunity-driven entrepreneurship is smallest in the countries with the highest levels of opportunity-driven entrepreneurship, for example in Ireland, where women were more likely than men to report that they started a business to pursue an opportunity.

The gender gap in growth-oriented entrepreneurship is even larger. About 10% of early-stage women entrepreneurs in OECD countries reported between 2019 and 2023 that they expected their business to create at least 19 jobs over the next five years. This was well below the share of men during this period (17%) (Figure 2.4).

Figure 2.3. Women are slightly less likely to pursue economic opportunities with their business

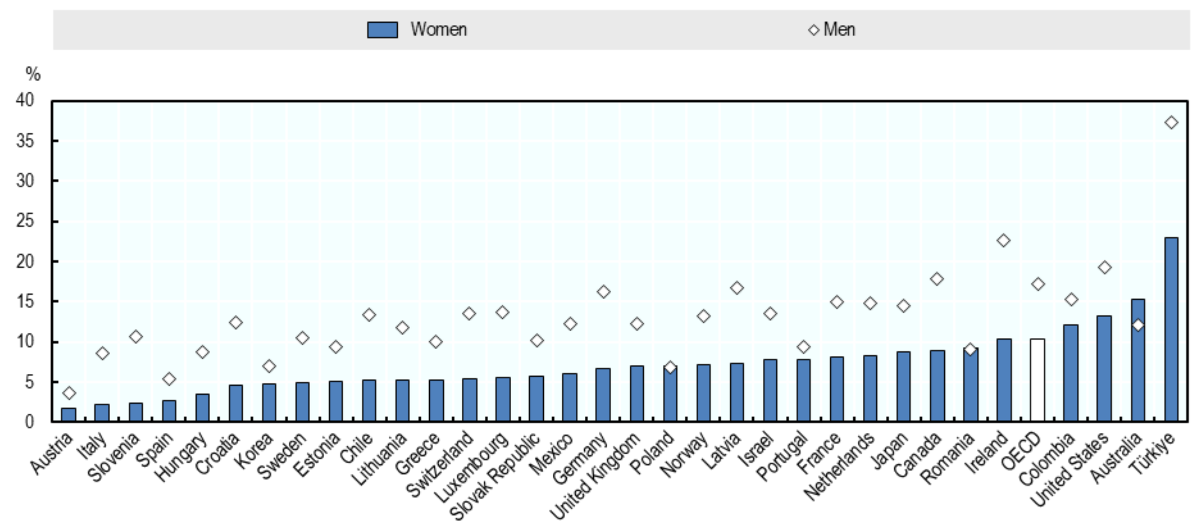
Share of early-stage entrepreneurship that is opportunity-driven, 2019-23



Note: Early-stage entrepreneurship refers to the TEA rate (see the note below Figure 2). This figure presents the share of entrepreneurs working on new start-ups that are pursuing a market opportunity as opposed to starting a business because they could not find a job.
Source: (GEM, 2024[3]).

Figure 2.4. Women entrepreneurs are about half as likely as men to pursue high-growth entrepreneurship

Growth-oriented early-stage entrepreneurship, 2019-23



Note: Early-stage entrepreneurship refers to the TEA rate (see the note below Figure 2). This figure presents the share of entrepreneurs working on new start-ups that report that they expect to create at least 19 jobs over the next five years.
Source: (GEM, 2024[3]).

Overall, women are held back in entrepreneurship relative to men by a range of obstacles. These barriers affect not only decisions related to starting a business but also the growth and development of the business. Barriers include greater difficulties accessing resources, on average, due to smaller and less effective entrepreneurship networks (OECD/EU, 2015[7]) and lower levels of entrepreneurship skills. For example, women are about 75% as likely as men to report that they have the skills needed to start a business, reflecting skills gaps as well as differences in self-confidence (OECD/European Commission, 2023[1]).

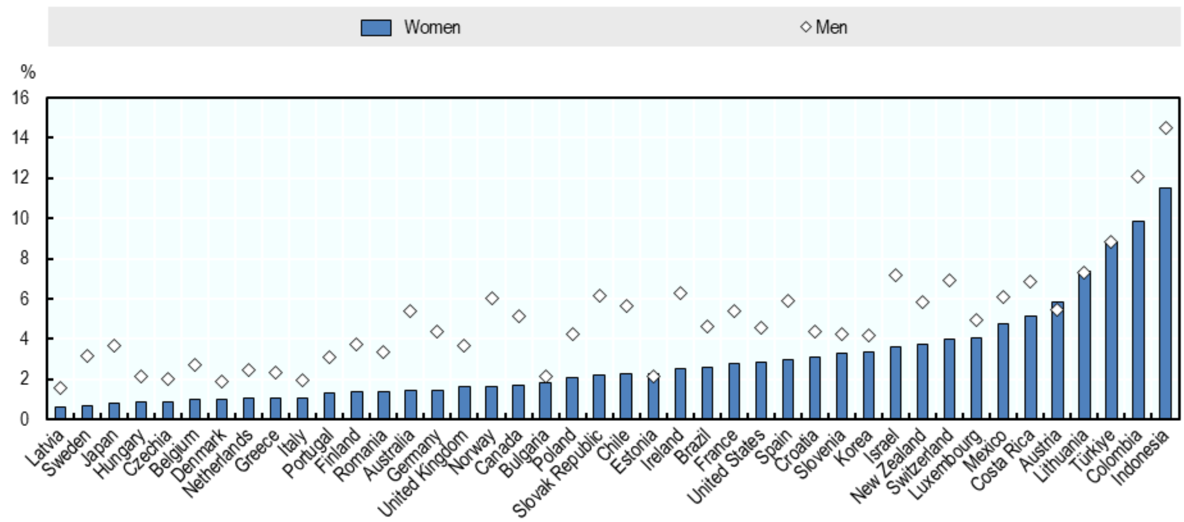
Finance is one of the most significant obstacles for women entrepreneurs

Women face greater challenges than men in accessing finance for entrepreneurship on average. Most of the evidence focuses on access to external funding, coming from bank funding, private investment (including venture capital) and government funding programmes.

Both survey and transaction data consistently show women are less likely than men to report that they can access external finance to start a business (OECD/EU, 2016[6]). For example, men are nearly twice as likely as women to report that they had borrowed funds from a bank to start, operate or expand a business (Figure 2.5). This is observed in virtually all OECD countries and was highlighted in the previous Entrepreneurship Policies through a Gender Lens report as one of the main challenges currently faced by women entrepreneurs around the world (OECD, 2021[5]). Another example is that women-owned micro-enterprises in Latin America and the Caribbean receive USD 5 billion less in financing than those owned by men and this gap grows to USD 93 billion when all SMEs are considered (UN Women, 2021[8]). Globally, closing these financing gaps could create USD 5-6 trillion in potential net value addition worldwide (Women Entrepreneurs Finance Initiative, 2022[9]).

Figure 2.5. Women entrepreneurs are less likely to have bank debt than men entrepreneurs

Share of entrepreneurs who borrowed to start, operate, or expand a farm or business, 15+ years old, 2017



Source: (World Bank Group, 2024[10]).

It should be recognised that entrepreneurs can use their own resources rather than external finance for starting businesses when it is available to them. Entrepreneurs often tap into the "3 F's" – founder, family and friends (OECD/EU, 2022[11]). Overall, indeed, external funding is used by only around one quarter of entrepreneurs and this will complement the use of the entrepreneur's own funds plus the funding they can raise from family and friends. Thus data from the Global Entrepreneurship Monitor show that more than 90% of entrepreneurs in virtually all OECD countries invest their own money in their start-up, about 30% receive funds from family and another 20%-25% from friends (Daniels, Herrington and Kew, 2016[12]). Yet, reliance on the 3 F's can be problematic for women entrepreneurs, firstly because they may have access to more limited resources from this source relative to men, and secondly because developing more growth-oriented businesses is often likely to require levels of resources that can only be met with contributions from external sources.

The gender gap in entrepreneurship financing goes beyond the likelihood of accessing funding. When women entrepreneurs receive funding, they typically receive less funding than men and under worse conditions. For example, women typically pay higher interest rates and are required to provide more collateral when they receive loans (Lassébie et al., 2019[13]; Thébaud and Sharkey, 2016[14]). In Honduras, for example, women borrowers consistently pay an average rate 5.8% higher for business loans and 2.6% higher for microcredit than men, while in Chile, women access consumer loans at interest rates that are 15% higher than men, with average loan sizes that are 32% lower (Superintendencia de Bancos e Instituciones Financieras, 2014[15]).

The financing gap is also a result of women entrepreneurs seeking and securing smaller loans compared to men (Sena, Scott and Roper, 2010[16]). For example, in the United Kingdom a 2023 report found that while there were no significant differences in the loan approval rate by banks between businesses led by women and men, the average loan size approved for women-led businesses was almost half that of men-led businesses (GBP 51 300 compared with GBP 107 300) (British Business Bank et al., 2023[17]). This is in part explained by sectoral and size differences in the businesses involved, but also by the fact that women often tend to request lower loan amounts for similar businesses.

The gender gap in external finance is particularly noticeable among growth-oriented businesses, notably in STEM sectors (i.e. science, technology, engineering and mathematics), where venture capital is often an important component of business financing. Women entrepreneurs are strongly under-represented in access to equity finance (OECD, 2021[5]). For example, businesses owned or led by women have been estimated to receive only about 2% of total venture capitalist investments and women entrepreneurs who acquire venture capital investment to receive only about 70% of the funding amounts of men (Lassébie et al., 2019[18]; Teare, 2020[19]).

A consequence of these financing gaps for women entrepreneurs is that women entrepreneurs can be less likely to seek investments or loans because they believe that they will not be successful (OECD/The European Commission, 2013[20]). This phenomenon of "discouraged borrowers", i.e. firms that require finance but do not to apply for a bank loan because, correctly or not, they believe that their application will be rejected, tends to be prevalent among groups who are under-represented in the entrepreneurial population such as women, youth and migrants (OECD/European Commission, 2021[21]). Negative perceptions about loan applications, funding amounts and conditions can create unfavourable attitudes towards external finance that restrict the growth potential of women-led businesses (Naegels, Mori and D'Espallier, 2022[22]; Kilincarslan and Li, 2024[23]).

Women entrepreneurs can face a range of obstacles when seeking finance

Many studies have investigated the factors leading to the gender gap in access to finance for entrepreneurship. They highlight barriers on both the supply and demand sides of the finance market. An overview is provided in Table 2.1.

Table 2.1. Overview of barriers faced by women entrepreneurs when seeking finance

Supply-side obstacles	Demand-side obstacles
Financial products and services not fully aligned with needs of women entrepreneurs	Lower levels of entrepreneurship skills (e.g. business financial literacy, opportunity recognition)
Prejudicial discrimination	Smaller business networks
Statistical discrimination	Lower levels of available collateral and lack of financial history
Higher unit costs of administering smaller loans/investments (more common among women entrepreneurs)	Higher levels of risk aversion by women entrepreneurs resulting in lower inclination to demand external finance
	Tendency for entrepreneurial projects to be smaller and in lower productivity sectors

Source: (OECD, 2021[5]; OECD/EU, 2016[6]; OECD/EU, 2022[11]; OECD/The European Commission, 2013[20]).

Supply-side issues are structural problems in the market that reduce the supply of or increase the cost of financing for women entrepreneurs. One of the key issues can be a misalignment of financial products and services with the needs of typical women-led businesses (OECD/EU, 2016[6]). For example, standard loan sizes offered may be too large, payback times may be too short, preferred business sectors for investors may not be the ones most favoured by women entrepreneurs, collateral and guarantees for loans may be over-emphasised etc. It is important to collect and assess data on the amounts and types of external financing used by women and men entrepreneurs to see these differences in preferences and the potential gaps engendered. Indeed, banks and financial ecosystem stakeholders are starting to collect more data on demand and use of financial products by gender, and from the collection of these data, many banks have identified an untapped opportunity to develop targeted services for women. For example, a regional analysis of five Latin American countries estimated that developing targeted services for women-owned or -led MSMEs would bring around USD 10 million of additional profit for one bank alone (Financial Alliance for Women and Data2x, 2023[24]). Lack of adequate financial products also impacts on business growth and ability to receive future finance (Financial Alliance for Women and Data2x, 2023[24]).

Another issue that may arise is discrimination. When considering loan approvals, there is potential discrimination of two kinds: prejudicial and statistical (Moro, Wisniewski and Mantovani, 2017[25]; EIF, 2023[26]). Prejudicial discrimination is based on personal preferences rather than objective criteria when making judgments about individuals (Becker, 1971[27]). This includes for example, gender stereotyping in lending and investment processes (Brock and De Haas, 2023[28]; Malmström and Wincent, 2018[29]). Lenders and investors may also have erroneous perceptions of differences between men and women in terms of commercial abilities (World Bank, 2015[30]). This type of discrimination may partly arise from the small number of women involved in lending and investment decisions. For example, in the United States, women account for only 19.5% of angel investors, although they represent nearly 40% of the top wealth holders (Sohl, 2017[31]). In these cases, judgements may be influenced by the biases of the loan officer, driven by the goal of reducing costs or maximising profit (Muravyev, Talavera and Schäfer, 2009[32]; EIF, 2023[26]). The other type of discrimination is statistical discrimination, which involves potential gender biases in the selection and use of objective measures in credit scoring and risk assessment models, which may systematically discriminate against the types of enterprises or entrepreneur characteristics more typical of women.

Levels of risk for lenders and investors are generally high and hard to assess in the field of new business financing. Lenders often use credit history information to assess the creditworthiness of borrowers. However, this can be lacking for new entrepreneurs, particularly for new women entrepreneurs, who may have less engagement with traditional business credit. Lenders can respond to a lack of credit history information by requesting collateral or by putting up interest rates. However, putting up interest rates itself constrains credit and puts off borrowers. It can also bias the credit institution's lending portfolio towards riskier products. Therefore, taking collateral is often favoured, particularly in the form of immovable property, such as business premises or the owner's residence. Finding collateral however can be a particular problem for women, since women often have lower available assets that men to offer as collateral, including more limited access to, or control over property (Pailhé, 2018[33]). Lack of collateral has been reported as the third most common barrier for women entrepreneurs to access credit, just after low business skills and lack of awareness of financial products (Alliance for Financial Inclusion, 2021[34]). To address this challenge, microfinance institutions, therefore, tend to use cash-flow based lending[1] and co-guarantors rather than collateral.

On the demand side of the market, issues can include the entrepreneurial skills and experience of women entrepreneurs and their entrepreneur profiles. Evidence of gender differences in entrepreneurship skills and knowledge, including business financial literacy, is presented in (OECD/EU, 2022[11]). Lower financial skills can affect the ability of the entrepreneur to identify funding opportunities and lead to selecting products that may not be adapted to the use. According to the Financial Alliance for Women, women tend to finance business operations with retail banking (such as credit cards) rather than corporate products, which result in them paying more to get finance and having less capital available (Financial Alliance for Women, 2023[35]).[2] Differences in the entrepreneurial profile of women and men also play a part in greater difficulties for women in obtaining entrepreneurial financing. This may include level of education, business management experience, and requested loan size, which may all affect the volumes of finance or terms offered, e.g. the interest rate charged or the amount of collateral demanded.

The typical size and sector of women owned enterprises is a related issue. Although in principle finance markets can adapt to differences in the features of businesses demanding finance, differences in the nature of the businesses run by women and men may help explain differences in the volumes of finance offered or their terms. For example, women entrepreneurs are disproportionately concentrated in highly competitive services sectors. Also, on average, they operate smaller businesses than men and have lower growth ambitions (OECD/European Commission, 2023[1]). Furthermore, in emerging economies, research indicates that women tend be over-represented in low-productivity sectors, which can impact on loan terms (Sabarwal and Terrell, 2009[36]). As women-owned businesses often generate lower returns than men-owned businesses, women entrepreneurs may be required to provide more collateral or a higher share of collateral compared to men entrepreneurs. Empirical studies in Italy show that women tend to be requested to provide collateral more often than men when applying for a loan (Cowling, Marlow and Liu, 2020[37]; Calcagnini, Giombini and Lenti, 2015[38]).

Another important demand-side barrier to women entrepreneurs' access to finance is their behavioural tendencies towards external finance. Research indicates that women are, on average, more risk averse than men (OECD/EU, 2016[6]), which can hold them back from applying for external finance. Survey data from Europe show that women entrepreneurs prefer to self-finance their businesses rather than rely on external sources of finance, even when aware of the opportunities to secure external funding (ECB, 2020[39]). Women also tend to apply for loans less often than men because they are more likely to expect the loan application to be rejected (Cavalluzzo, Cavalluzzo and Wolken, 2002[40]).

Public policy can facilitate access to finance for women entrepreneurs

There are several clear rationales for governments to intervene in financial markets to improve financing for women entrepreneurs. These include the economic efficiency benefits of addressing the market and institutional failures behind the barriers discussed above and the positive spillovers generated by increased entrepreneurship activity in terms of growth, job creation and innovation. For example, there is evidence that innovation is typically improved by greater diversity of those involved in the innovation process (Janjuha-Jivraj, 2021[41]). Another key rationale for policy intervention is promoting equal opportunities and social objectives such as reduced poverty.

Policy measures to reduce supply-side barriers may include encouraging more women in leadership positions within the financial ecosystem, promoting alternative sources of collateral, reducing risk in the market through targeted government guarantees, promoting the collection of gender-disaggregated data by financial service providers to inform the design and delivery of financial products, and providing technical assistance and capacity building to financial institutions to understand the specific needs of women entrepreneurs. These supply-side measures aim at reducing discrimination and gender bias as well as reducing information asymmetries.

Measures can also be taken on the demand side. These include promoting the development of entrepreneurship skills to help women sustainably grow their business, identify adequate funding opportunities, and increase their eligibility for financial services. Other measures include the provision of non-financial support to raise knowledge and awareness about the broad range of financial instruments available (e.g. leasing, factoring, equity finance) and the specific requirements needed to obtain them. In addition, helping women entrepreneurs to network and connect with the range of stakeholders of the financial ecosystem, such as accountants, development banks, investors, crowdfunding platforms and industry associations, can also foster demand from women entrepreneurs for the most appropriate sources of finance for their businesses.

Governments have been working on many levels to support women's access to entrepreneurship finance. Some examples of recent developments in OECD countries are described in Box and potential actions are outlined in Table 2.2.

Many measures and schemes work on multiple levels. Overall, most public measures fall into five categories: raising awareness about different types of finance and the requirements of each; facilitating the matching of sources of finance and entrepreneurs; developing an appropriate regulatory environment that balances investor and consumer protection; reducing risk in the market through guarantees; and supporting the creation and development of new marketplaces. In addition, governments commonly directly offer financial support to entrepreneurs in the form of grants and loans. There are also a growing number of public equity programmes for women entrepreneurs, as highlighted by a recent OECD study *Benchmarking Government Support for Venture Capital: A comparative analysis* (OECD, 2025[42]). This includes venture capital funds or funds-of-funds targeting women entrepreneurs and dedicated envelopes for funds-of-funds investments into women-led venture funds (EIB, 2020[43]). These funds typically target early-stage businesses, supplying women entrepreneurs with the capital required for growth (OECD, 2024[44]).

Box 2.1. Examples of recent policy developments

Thrive Platform for Women, Canada

Building on the success of its Women in Technology Venture Fund, the Development Bank of Canada (BDC) Capital launched a new investment initiative in 2022 called the Thrive Platform for Women. This encompasses three initiatives: i) Thrive Venture Fund - a CAD 300 million direct investment fund targeted to women-led Canadian technology companies at seed and Series A/B stages; ii) Thrive Lab for Women – a CAD 100 million equity investment model for early-stage women-led companies; and iii) Indirect Investment Envelope – a CAD 100 million investment envelope managed by the BDC Capital's Fund Investment team and directed towards women-led and focused general partners. Together the Platform's three initiatives have been tailored to address the needs of women entrepreneurs, foster more diversity in the entrepreneurial ecosystem, and accelerate the growth of women-led businesses of all sizes.

She Invest Programme, Colombia

In Colombia, the Free and Productive Women Fund (*Fondo Mujer Libre y Productiva*) launched the She Invest (*Ella Invierte*) programme in September 2024 to promote female investment and entrepreneurship. The programme aims to transform the financial ecosystem by offering tools and valuable connections to women investors and women-led businesseswomen. The programme has three main components: i) Strengthening the autonomy of women investors through mentorship and financial preparedness to enhance their businesses, with a focus on impact investments in women-led businesses; ii) connecting women entrepreneurs with investors. Eligibility includes investment experience for investors and for women-led businesses, at least one year of operation and a minimum viable product. The program also develops loan guarantee funds and provides alternative sources of finance targeting women entrepreneurs, as follows:

- Establishing incentives for good repayment behaviour, such as capital relief or interest rate reductions for women entrepreneurs with a positive repayment track record.
- Promoting access to inclusive insurance products that protect women's income and productive assets in agriculture, commerce, and other economic activities.

In Colombia, the Free and Productive Women Fund (*Fondo Mujer Libre y Productiva*) has advanced these objectives by promoting financial inclusion mechanisms for women, strengthening access to credit, supporting impact investment initiatives, and developing tools to safeguard women's economic autonomy in rural areas.

Emprendedoras Digitales Programme, Spain

In Spain, the *Emprendedoras Digitales* programme was launched in 2021 and is administered by the national innovation agency, ENISA (*Empresa Nacional de Innovación*). The programme seeks to close the gender gap in accessing financing for digital business startups. It offers participative loans without the need for collateral to women entrepreneurs, supporting the consolidation, growth and internationalisation of their businesses.

Table 2.2. Overview of policy interventions to reduce gender gaps in entrepreneurship finance

1. Raise entrepreneurs' awareness of funding sources and requirements	• Information on the range of financial instruments and sources available including alternative ones • Information on exploiting online alternative sources of finance such as Peer-to-Peer (P2P) lending, equity crowdfunding or donation crowdfunding • Advice, training and coaching to improve financial skills including financial management • Support programmes to improve quality of business plans and investor-readiness programmes on "pitching" to investors
2. Match and create networks	• Promoting advisory support by business service centres and financial service providers • Databases of angel investors and potential investees • Networking between entrepreneurs and investors • Networking among entrepreneurs, e.g. for mutual guarantees • Promote more women in decision-making roles in the financial ecosystem
3. Develop regulation of new forms of finance	• Better financial regulation that supports a range of financing instruments while ensuring financial stability and investor protection, e.g. for crowdfunding, mutual guarantees and microfinance institutions • National financial inclusion strategies including reviews of the legal and regulatory framework of the financial sector
4. Develop loan guarantee funds and provision of alternative sources of finance targeting women entrepreneurs	• Targeted loan guarantee schemes • Counter-guarantees for mutual guarantee programmes • Co-investment in funds or funds-of-funds targeting women entrepreneurs
5. Encourage the emergence of new financial institutions and enable financial technologies in collaboration with traditional institutions	• Support to community banks • Support to microfinance institutions • Leverage fintech institutions to facilitate deployment of finance • Promotion of competition in the banking sector

A number of international guidance documents are available to support the introduction and implementation of this policy agenda, for example from the European Union, World Bank, G20, and G7. Importantly, the OECD Council has issued three Recommendations that point the way on strengthening policy to support women entrepreneurs and each include actions to facilitate access to finance (Box 2.2).

Box 2.2. OECD Recommendations providing guidance on women's entrepreneurship policy

The OECD Council adopts Recommendations that represent a political commitment by all the OECD countries, as well as by those non-OECD countries that voluntarily adhere to their implementation. There are three Recommendations with particular relevance to strengthening finance for women entrepreneurs.

Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship

The Recommendation was adopted in 2013 on the proposal of the Employment, Labour and Social Affairs Committee in consultation with other OECD Committees. The Recommendation aims to promote gender equality in education and family-friendly policies and working conditions that enable mothers and fathers to balance their working hours and their family responsibilities with the aim of facilitating more women's participation in private and public sector employment, including in entrepreneurship. Through a whole-of-government approach, the Recommendation supports the design and implementation of appropriate legislation, policies, monitoring and public awareness campaigns to promote the adoption of gender equality across education, employment and entrepreneurship. The Recommendation promotes actions to reduce the gender gap in entrepreneurship; consider the special needs of women from disadvantaged minority groups, notably migrant women; increase the representation of women in decision-making positions; eliminate the persistent and discriminatory gender wage gap; and promote all appropriate measures to end sexual harassment in the workplace. The implementation of the OECD "Gender Recommendation" has been monitored and reported to the Council in 2017 and 2022.

Recommendation of the Council on SME and Entrepreneurship Policy

This Recommendation was adopted in 2022 on the proposal of the Committee on SMEs and Entrepreneurship. It aims to provide an evidence-based and holistic framework to support countries in developing coherent, effective and efficient SME and entrepreneurship policies to foster their contribution to inclusive and sustainable growth through three pillars: i) policy co-ordination and governance; ii) transitions and resilience; and iii) access to resources. The Recommendation underlines the need to consider the diversity of entrepreneurs in government policies with appropriately tailored policy supports, including actions for women.

Recommendation of the Council on SME Financing

The Recommendation on SME Financing was adopted in 2023 on the proposal of the Committee on SMEs and Entrepreneurship. The aim of the Recommendation is to enhance SME access to a diverse range of financing instruments ─ traditional bank financing as well as non-bank finance. It also promotes the development of coherent national SME financing strategies that define specific policy objectives, design and implement policy measures, strengthen the evidence base, and provide a framework for monitoring and evaluation. To support and guide countries in achieving these objectives, the Recommendation sets out 14 policy recommendations. The Recommendation stresses the importance of developing a range of financing to match with the needs of diverse entrepreneurs.

Policy priorities span several areas

Traditional policy instruments for strengthening access to finance for women entrepreneurs include grants, loans, loan guarantees, and investor readiness training (OECD/The European Commission, 2013[20]), but governments' toolkits are growing. This is illustrated by the policy measures discussed in the collection of policy insight notes set out in Part 2 of this publication for 29 economies. We discuss below some of the main priorities for policy and some of the ways in which they come out in the policy insights notes presented later in the report. Each of these areas is then discussed in more detail in separate sections below, before Part 2 presents the international policy insight notes country by country.

Fostering conducive cultural attitudes

Cultural and social norms related to work and risk can hinder (or enable) women's entrepreneurship. In several countries social norms related to entrepreneurship by women are a strong barrier to entrepreneurship by some women. Attitudes to entrepreneurship in society can affect women's decisions to consider pursuing entrepreneurship when it is considered to be a "male" activity. In addition, gender norms can make it more difficult for women to access the necessary resources for business creation and development because capital may be directed towards men who may be perceived to be more likely to successfully start a profitable business. Several policy notes in Part 2 of this report explore these issues across highly different contexts: China, Czechia, Iran, Malaysia and Uganda. Governments in these countries have taken different approaches to shifting cultural attitudes and social norms, including in the areas of unpaid work, property ownership, and portraying women as successful entrepreneurs.

Boosting financial literacy among women entrepreneurs

Financial literacy can be a key determinant in accessing finance for entrepreneurship. It can help entrepreneurs identify potential sources of funding and help them understand financial products, services and terms and conditions so that they can align them with their business needs. On average, women entrepreneurs tend to be less likely than men to report that they have the financial knowledge and financial management experience needed for entrepreneurship, and the gap appears to be larger when it comes to digital financial products and services. Policy insight notes in Part 2 show that governments are increasingly investing in financial literacy programmes for women entrepreneurs. The policy insight notes covering Canada, India and Mexico underline the strong need for collaboration with the private sector. More is also needed to integrate business financial literacy into education and to embed more financial literacy training in women's entrepreneurship programmes.

Strengthening microfinance

Microfinance has emerged as an important tool to offer small loans to segments of the population that have difficulties accessing mainstream banking services. While these microcredits can be used for personal use, they are also commonly used for business start-ups. When these small loans of up to EUR 50 000 are used by entrepreneurs, they are typically delivered in tandem with non-financial services such as training and coaching. These products are – in principle – used to help "unbankable" clients build a credit history so that they can access mainstream financial products, but the evidence of the effectiveness of microfinance for entrepreneurship is mixed. Many clients continue to face stigmas from mainstream financial institutions and microfinance institutions often use government guarantees and interest rate subsidies to manage their risk. The policy insight notes in Part 2 highlight both supply-side and demand-side issues, covering Tanzania and Sri Lanka. They underline the need to have adequate oversight and monitoring systems and that there is still a need to use targeted interventions to improve access to available funds for women entrepreneurs.

Improving access to angel investments

Angel investors typically invest between EUR 25 000 and EUR 500 000 in businesses in exchange for equity shares. These types of investments are becoming more structured as angel investors now commonly work in networks, clubs and syndicates and often scale-up investments in start-ups by pooling funds from many investors. Research suggests that the angel market is growing globally and some estimate that it could account for as much as 90% of all early-stage financing. This is a pertinent source of funding for women entrepreneurs because they, on average, are more likely to access funds through family and friends and place a higher value on trust-based relationships. However, women face many of the common finance challenges in this market, including for example investor homophily (investing in similar people and projects to yourself) and a low representation of women in angel investor networks. The policy insight notes in Part 2 show how angel networks in Poland and Wales (United Kingdom), are using partnerships to amplify investments in women entrepreneurs. The notes underline the need to encourage more women to become angel investors, including successful women entrepreneurs who can invest in others. Governments could also do more to support the development and growth of angel investor networks and could consider matching funds to co-invest to increase the amount of funds available.

Investing in high-potential women entrepreneurs

Scaleups attract a lot of policy attention because they are responsible for a disproportionate share of job creation and contribute to innovation and increasing competitiveness. Women are under-represented among growth-oriented entrepreneurs partly due, on average, to different ambitions. Even among highly qualified women entrepreneurs with high-potential business ideas, there are disproportionate barriers that hinder their access to finance. Many of these issues arise from different types of unconscious bias from investors. This results in women receiving less risk capital and also reduces their opportunities to learn from experienced investors and managers, further reducing the potential impact of their business. Part 2 of this report includes eight policy insight notes to present different approaches to supporting innovative and high-potential women entrepreneurs in Australia, Brazil, Finland, France, Italy, New Zealand, Nigeria and the United States. The notes highlight the need to do more to strengthen the pipeline of women entrepreneurs with growth aspirations by addressing gender gaps in STEM fields in education. A greater use of role models could help. There is also a strong need to address the supply-side of the market through training on avoiding gender bias and providing incentives for more women to be in investment decision making.

Ensuring a level playing field in financial markets

Digital innovations in finance have improved efficiency, reduced transaction costs and made markets more accessible, transparent and secure. This has led to new products, services, marketplaces and actors emerging, increasing the supply of finance for entrepreneurs. Although limited, research to date suggests that women entrepreneurs are benefitting from new marketplaces such as crowdfunding platforms. Therefore, it could be considered that Fintech holds potential for improving access to finance for women entrepreneurs. Yet at the same time there are risks that an increased reliance on algorithms in financial decision making could increase financial exclusion because they may be embedded with gender biases and may favour high-profit projects, which puts women entrepreneurs at a disadvantage because they are more likely to operate smaller projects. This is illustrated with policy insight notes in Part 2 covering Scotland (United Kingdom), South Africa and Spain. The notes confirm the potential of fintech for improving access to finance for women entrepreneurs but underline that several conditions need to be met. These include having appropriate regulatory frameworks in place, increasing the availability of financial literacy training and working with the private sector to reduce potential gender biases in new products, services and markets.

Ensuring programmes are fit for purpose, including by collecting more data

There has been a proliferation of entrepreneurship support initiatives for women entrepreneurs; however, many do not target sufficiently the specific challenges faced. Governments have introduced a range of measures and schemes to provide grants, loans and equity investments in some cases. However, these interventions have not sufficiently considered structural barriers that restrict access to finance for women entrepreneurs, including societal expectations, cultural norms, limited legitimacy and access to social and financial resources. There is, therefore, a need for broader efforts, including the collection of more data to better understand market dynamics and better-target policies and schemes. International collaborations are ongoing, including the new Women Entrepreneurs Finance Code (WE Finance Code) (Box 2.3) that aims to collect gender-disaggregated data both at the national level through public national authorities and at more granular level through private financial institutions. The policy insight notes in Part 2 show policy and programme design challenges in a range of contexts, covering Ireland, Kazakhstan, Northern Ireland (United Kingdom), Slovenia, Sweden and the United Kingdom. The notes show that dedicated schemes and initiatives may need adjustments in order to better address the gender gap in access to finance if structural barriers are not addressed. Moreover, there is a need to engage a wide range of stakeholders to reduce structural barriers, including increasing engagement with women’s business associations and networks and private sector financial institutions.

Box 2.3. Women Entrepreneurs Finance (WE Finance) Code

The Women Entrepreneurs Finance Code is a global multi-stakeholder effort for systemic change to eliminate barriers in access to finance for women entrepreneurs. The WE Finance Code was launched in October 2023 and is managed by the World Bank, who co-ordinates the Code with its global partners, including the OECD and the Financial Alliance for Women. Additionally, a Global Advisory Group advises on its implementation and governance. The OECD acts as the global data aggregator for the Code.

The Code seeks to expand the quality and quantity of data on women-led firms' financing across a larger group of countries, following the example set in the Investing in Women Code in the United Kingdom. It is a commitment by financial service providers, regulators, development banks and other financial institutions to work together to increase funding for women-led businesses, particularly micro, small and medium-sized enterprises. Signatory financial institutions commit to:

- Designating a member of the senior management team to be responsible for supporting the organisations' efforts to support women-led businesses;
- Expanding and introducing new measures that will support women entrepreneurs; and
- Monitoring and reporting annually a commonly agreed set of indicators on the level of financing provided to women-led businesses.

29 countries have committed to the Code: Albania, Bosnia and Herzegovina, Côte d'Ivoire, Dominican Republic, Egypt, Fiji, Georgia, Indonesia, Jordan, Kazakhstan, Kosovo*, Kyrgyz Republic, Madagascar, Mongolia, Morocco, Montenegro, Mozambique, the Netherlands, Nigeria, North Macedonia, Pakistan, Rwanda, Senegal, Serbia, Somalia, Sri Lanka, Tajikistan and Uzbekistan. As part of the pilot phase, the WE Finance Code is being adapted to local contexts to ensure relevancy and uptake of the Code. Local co-ordinators of the Code are establishing definitions for women-led micro, small and medium-sized enterprises based on the Guidelines of the Code, to be used in the data collection and reporting. The first full data reporting cycle will take place in 2026.

Source: (Women Entrepreneurs Finance Initiative, 2022[9]) (OECD, 2025[45])

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Notes

[1] It is important to note that cashflow-based lending is however not often used by banks as they either do not trust cashflow statements or have experienced cases of fraudulent statements or fake supplier contracts.

[2] As many women-led MSMEs are hidden in the retail portfolio, this has also acted as a barrier for financial institutions to understand women entrepreneurs as clients and offer products that meet their needs.

3 Fostering conducive cultural attitudes

Drawing attention to the societal norms and cultural attitudes that result in women entrepreneurs' lack of societal legitimacy is important in understanding the contextual barriers influencing their access to financial resources. The chapter discusses these barriers and highlights strategies that policy can adopt in addressing these issues and promoting greater social and financial inclusion for women entrepreneurs.

The importance of the socio-cultural context

Entrepreneurship is both a social and economic phenomenon and as such, the context within which it occurs matters (Achtenhagen and Welter, 2011[1]). There is ample research highlighting the consistent impact of contextual factors such as religion, culture and social norms on women entrepreneurs' choices and behaviours (Santos, Roomi and Liñán, 2016[2]; De Vita, Mari and Poggesi, 2014[3]). In many societies, traditional roles of men as "breadwinners" and women as the "main carers" still persist, and women entrepreneurs often have to go against these norms to engage in entrepreneurial activities. Addressing barriers impacting women's access to financial resources (Roy and Patro, 2022[4]) therefore requires holistic approaches that aim at changing societal perceptions and cultural attitudes that have a negative impact on women's participation in entrepreneurial activities. The policy insight notes from China, Iran, Malaysia and Uganda highlight the impact of traditional gender roles and cultural practices that often result in women entrepreneurs being perceived as having limited societal legitimacy (Owalla and Al Ghafri, 2020[5]). This lack of legitimacy has a detrimental impact on women's access to much needed financial and social capital within entrepreneurial ecosystems.

The role of public policy

Changing prevalent societal norms and cultural attitudes is not an easy task and requires long-term and sustained commitment. Public policy can have a positive impact in changing societal perceptions and attitudes by addressing the broader societal obstacles to women's participation in the labour market including through self-employment, such as addressing the gender pay gap, tackling suboptimal access to financial education, and the bias of responsibility related to unpaid domestic tasks. Further, laws that address existing inequalities, such as the right to own or inherit property and land, are key to ensuring women have access to collateral when seeking loans from lending institutions.

Public policy can create a more conducive business environment for women by further highlighting their positive contribution to both social and economic growth. This includes promoting positive role models who can inspire potential women entrepreneurs, while changing the broader societal perception of women entrepreneurs' legitimacy with stakeholders within the ecosystem. Policy initiatives that promote more women in decision-making roles in the financial system can also contribute to showcase sound women businesses as valid recipients of investment. Policy initiatives also need to acknowledge and pay greater attention to the specific gender-related barriers that women entrepreneurs face in accessing much needed investment for their ventures.

Establishing platforms where women can build networks and collaborate with peers and mentors is also an important step to enabling their access to much needed resources for success. Women often face challenges in accessing mainstream networks (Brush et al., 2019[6]) and are thus excluded from accessing vital information and resources. These platforms can also expand women's access to educational, cultural and technological resources. While women-dedicated platforms can enable women to challenge existing gendered structures in the entrepreneurial ecosystem (Roos, 2019[7]) there is a need to bridge these platforms with mainstream networks to ensure women entrepreneurs have sufficient economic, social and cultural capital to establish their credibility and achieve financial inclusion (McAdam, Harrison and Leitch, 2019[8]).

Lessons from the policy cases

Five country-level policy insight notes set out later in this volume have an important focus on socio-cultural challenges faced by women entrepreneurs. They highlight that strategies are needed to address these barriers, including addressing broader societal gender norms and their influence on individual entrepreneurship decisions Czechia, Iran and Uganda) and the role of institutions (Malaysia). The notes also call for more specific targeting of different segments of women entrepreneurs (China). Together the notes underline the following lessons for public policy:

1. Address broader structural inequalities, such as unpaid work and unequal access to land and property ownership rights. This will provide a more conducive environment for women to not only engage in entrepreneurial activities but also access financial resources vital for their businesses.
2. Increase public awareness of the positive social and economic impact of women's participation in the labour market, including entrepreneurship as well as employment generally. This could be achieved through campaigns addressing issues of gender equality and through the engagement of community leaders and influencers advocating for women entrepreneurs. Portraying women entrepreneurs as societal role models, for example through education and promotional campaigns, can also have a positive impact on potential women entrepreneurs.
3. Pay greater attention to the gender-specific barriers and challenges that women entrepreneurs face and establish platforms that can provide networking opportunities as well as access to educational and digital literacy programmes with a specific focus on disadvantaged women entrepreneurs and those located in rural areas. Facilitating access to innovative funding solutions and digital financial services is also important.

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4 Boosting financial literacy

While education and training programmes aimed at improving the financial literacy of women often demonstrate a positive impact, they need to address the broader structural barriers that impact women entrepreneurs' access to capital in order to achieve greater financial inclusion.

Role of training in developing financial literacy skills

Human capital, comprising of the stock of knowledge, skills and professional competencies possessed by individuals, is considered vital for enhancing the competitiveness of firms (Mariz-Pérez, Mercedes Teijeiro-Álvarez and Teresa Garcia-Álvarez, 2012[1]). It is argued that given the same market conditions, differences in human capital would account for the ability of entrepreneurs to recognise and exploit opportunities (Jayawarna, Jones and Macpherson, 2011[2]).

Financial literacy is one of the crucial types of knowledge for entrepreneurs who are seeking resources to sustain or grow their activities. Financial literacy can be considered as the "combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being" (OECD-INFE, 2011[3]). It is important to distinguish financial literacy related to household and personal finances from financial literacy for business creation and management (OECD/EU, 2022[4]). The latter requires the skills and knowledge to:

- Understand financial products for business, including their relevance, costs and risks;
- Identify sources of start-up financing, including alternative forms and sources of finance;
- Anticipate future financial needs of the business under alternative scenarios;
- Assess the financial risks to which the business is exposed and prepare appropriate responses;
- Understand the decision-making process of finance providers, and thus appreciate how the business can become creditworthy or investment-ready; and
- Use financial information to analyse business performance and create policies and controls that optimise this.

Overall, women entrepreneurs tend to report lower levels of financial knowledge and financial management experiences than their male counterparts (Orser and Riding, 2020[5]). Moreover, in many developing country contexts and especially in rural areas, women entrepreneurs commonly lack financial literacy skills, and their digital financial literacy skills are often more limited.

Education and training programmes can, therefore, play a significant role in building women entrepreneurs' confidence and self-efficacy through the skills they acquire (Bauer, 2011[6]; Martin, McNally and Kay, 2013[7]), while also acting as a legitimisation tool (Marlow and McAdam, 2015[8]). While financial training is key, the adoption of gender-blind training and education programmes that ignore the supply- and demand-side differences and barriers faces by women entrepreneurs in accessing financial resources are bound to be less effective. In the majority of cases, women entrepreneurs typically start with less resources and perceive higher barriers in accessing finance (Wright et al., 2015[9]) and such training programmes need to recognise these barriers.

Role of public policy

Public policy can boost financial literacy by introducing targeted interventions that complement mandatory financial education in formal educational programmes. Given the potential reach of fintech in addressing existing gender gaps, such training could also focus on developing digital financial literacy and changing attitudes towards the use of technology amongst women entrepreneurs. Community-based collaboration and partnerships are also shown to be an effective way of reaching underrepresented communities (Vorley et al., 2020[10]).

However, a focus solely on building individual capacity, while necessary, is not sufficient. A more holistic approach is needed to achieve financial inclusion. Public policy needs to address the structural barriers in capital markets. Providing financial literacy training as one means of accessing government loans and grants may provide a way of ensuring women entrepreneurs' greater participation in accessing these resources. Taking measures to ensure the evaluation of training interventions and other support initiatives to determine their accessibility and effectiveness in addressing gender-specific barriers and challenges is also key.

Lessons from the policy cases

Three country-level policy insight notes draw attention to the complexities involved in boosting financial literacy in different contexts and heterogeneous groups of women entrepreneurs. While all three notes highlight the importance of providing financial literacy training, the need for collaboration amongst different stakeholders (India) and the potential for fintech in achieving greater inclusion (Mexico) are also emphasised. The policy note covering Canada also draws attention to the need to address structural biases and undertake increased gender-based analyses of existing financial literacy initiatives. The three notes highlight the following lessons:

1. Provide workshops and training to improve financial awareness and digital financial skills as a complement to existing academic and education programmes. Such training could also raise awareness about existing structural biases and challenges that impede women's access to financial resources among trainers, educators and other stakeholders.
2. Establish policies that can address existing barriers and challenges at the broader societal level. This can include, for example, incorporating financial literacy as a key component of entrepreneurship support policies, providing guidelines to inform financial literacy education and offering training programmes. Evaluating these initiatives is also key to ensuring their effectiveness.
3. Increase collaborations and partnerships with financial and educational institutions in order to provide access to resources such as training, mentors and role models to women entrepreneurs in rural areas or under-represented communities.

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5 Leveraging angel investors and networks for equity investments

Angel investors have the potential to play a significant role in supporting women entrepreneurs by making equity investments in early-stage firms that are not attracting venture capital investment. This chapter discusses the role of angel investors in supporting women entrepreneurs, including the benefits of supporting the creation of angel networks.

The need to expand angel investment

The vast majority of entrepreneurs launch their start-ups using their own funds and a significant proportion receive loans or investment from family and friends. Bank financing, private investment (including angel investments and venture capital) and government financing are used by fewer than one-third of entrepreneurs in most countries (OECD/EU, 2022[1]). Entrepreneurs using these external funding sources are more likely to be seeking to grow their business quickly, and the different types of investors each have a different role in the market.

What are angel investors?

Angel investors are typically high net worth individuals who make equity investments in early-stage start-ups that would be considered too new or too risky for traditional funding from banks or venture capitalists. While these investments provide financial support so that entrepreneurs can develop their products and businesses, the goal of angel investors is nonetheless to make a profit in the medium term (Ewens, 2022[2]). Business angels typically invest between EUR 25 000 and EUR 500 000, but it is not uncommon for angels to scale up investments by pooling funds through networks, clubs and syndicates.

The size of the angel investment market appears to be significant; however, industry estimates vary greatly. Conservative estimates suggest that there are more than 300 000 angel investors active globally (ACA, 2024[3]), while others estimate that there are between 1 million and 1.5 million active angel investors (Christian Rangen, 2024[4]). Similarly, estimates of the value of the market also vary, ranging from about USD 30 billion in the United States (Cumming and Zhang, 2019[5]) to more than USD 50 billion globally (World Business Angels Investment Forum, 2024[6]). This volume of funding is estimated to account for about 90% of all early-stage financing (Christian Rangen, 2024[4]).

In addition to making financial investments, angel investors can support entrepreneurs through mentorship and by creating strategic networking opportunities for the entrepreneur. Angel investors are invested in the growth of the start-up. Other benefits often associated with angel investors relative to other sources of funding include greater flexibility in investment terms and signalling effects that provide credibility for the entrepreneur.

Benefit for women entrepreneurs

Angel investment is particularly pertinent for women entrepreneurs because they are more likely than male entrepreneurs to access funding through their personal networks of family and friends (Amatucci and Sohl, 2004[7]). This use of trust-based relationships to identify funders is consistent with the approach taken in the business angel sector where investors build close relationships with the entrepreneurs that they invest in. Nonetheless, this also means that women entrepreneurs, particularly younger women, will be at a disadvantage relative to male entrepreneurs who, on average, have more extensive networks (OECD/EU, 2015[8]).

Recent research confirms that angel investments are important for women entrepreneurs. Women entrepreneurs have a greater chance of getting angel investment than venture capital investment (Aernoudt and De San José, 2020[9]). Slightly older research in the United States found that women were not more likely than men to be rejected by angel investors (Becker-Blease and Sohl, 2007[10]) and similar results were found more recently in a study of 40 angel investors in the United Kingdom. This study found that gender did not appear to affect investment decisions, but women angels were more likely to invest in women-owned businesses than male angels (Färber and Klein, 2021[11]). Nonetheless, the bulk of angel investment goes to male entrepreneurs. The main reasons are investor homophily (i.e. investors tend to invest in entrepreneurs that have a similar background and profile) (OECD/EU, 2022[1]), relatively lower demand for angel investment since women are less likely to have growth ambitions for their business

(OECD/European Commission, 2023[12]), and sector effects because women entrepreneurs are, on average, less likely to be operating in growth oriented sectors (OECD/European Commission, 2023[12]).

The role for public policy

Governments are active in supporting business angel investment in women entrepreneurs in a number of ways (OECD/EU, 2022[1]). First, governments can support the creation of business angel networks by subsiding selected operational costs. The two main benefits of creating networks of angel investors are to potentially increase the scale of funding available to high potential start-ups and to increase the pool of knowledge and network connections that can be made available to entrepreneurs. In principle, these types of networks can operate anywhere but are most commonly found in dense ecosystems where there is a constant flow of investment opportunities.

Second, networks typically organise workshops and networking events that benefit entrepreneurs receiving investment as well as other potential entrepreneurs. For example, many *ad-hoc* programmes operated by angel networks, particularly those that primarily invest in a specific group such as women entrepreneurs, seek to boost the investment readiness of entrepreneurs who are pitching their ideas and plans. Research in the United Kingdom has shown that business angels typically reject funding opportunities for three reasons: the entrepreneur or management team is perceived as having a major weakness; differences in perceived market opportunities; and, flawed financial projections (Mason and Kwok, 2010[13]). Government support for workshops and training for women entrepreneurs seeking funding could increase the chances of success for potential entrepreneurs.

Third, governments can offer incentives for investors to enter the angel market. One approach is to offer tax breaks for investing in start-ups that meet certain criteria such as women-owned businesses. Alternatively, governments could co-invest in business angel networks to encourage investment in women entrepreneurs (or other target groups). In this model, public actors typically leave investment decisions to experienced investors who are better placed to evaluate business ideas and management teams.

Fourth, governments can facilitate matchmaking between investors and women entrepreneurs. This could be done by organising pitching events or using online platforms.

Finally, women are under-represented among angel investors so governments can use various tools to encourage and support women who are interested in becoming angel investors. In the United States, women represent nearly 40% of the top wealth holders in the United States yet only account for less than 20% of angel investors (Sohl, 2017[14]). Similarly, studies in Europe suggest that women account for less than 10% of angel investors and many are less experienced as fewer than 10% of women angel investors had made more than 11 investments (Aernoudt and De San José, 2020[9]). Post COVID-19 pandemic evidence suggests that women are increasingly active as angel investors (Sohl, 2024[15]). This would be expected to direct more funding to women entrepreneurs because women angel investors are more likely than men investors to invest in women entrepreneurs (Aernoudt and De San José, 2020[9]; Becker-Blease and Sohl, 2007[10]). Government actions include offering training and mentoring to increase the number and professionalism of women as angel investors. This implication is that increasing the number of women angel investors will increase the flow of investments going to women entrepreneurs.

Lessons from the policy cases

The policy insight notes covering Poland and Wales (United Kingdom) underline the role that angel investors can play and illustrate different approaches to scaling up their impact. The note covering Poland illustrates the links between the Black Swan Fund, a venture capital fund that co-invested with business angels in start-ups led by women entrepreneurs. This private sector-led initiative boosted the supply of equity investment available to women entrepreneurs and has further evolved into a “Prestige Club” of women leaders in the corporate sector, women entrepreneurs and investors that collectively work to support women entrepreneurs. The note on Wales (United Kingdom) illustrates a similar example of a women's angel network amplifying their impact with co-investment. However, in this case the co-investment comes from the public sector. In addition, the angel network offers training and workshops for women investors to encourage more women to get involved in the supply-side of the market. Together, the two notes highlight some lessons for government:

1. Encourage more women, including successful women entrepreneurs, to become angel investors to increase the supply of equity financing available to women entrepreneurs. This can be accomplished by promoting role models of investors more widely and offering workshops for women to inform them about becoming angel investors.
2. Support the creation of women's angel networks through training and financial support to facilitate the joining up of individual investors and/or small investors groups so that the volume of investments can be scaled up for greater impact.
3. Use public and private funding mechanisms to co-invest with women's angel networks. Not only will this increase the scaling of equity investment available for women entrepreneurs, but it can also help to educate public and private investors about the benefits of investing in women entrepreneurs.

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6 Facilitating access to start-up funding through microfinance

Microfinance is an important tool for helping entrepreneurs that face difficulties accessing traditional banking and lending markets, including women entrepreneurs. This type of finance can be an important source of capital for women entrepreneurs who lack personal capital, credit history, collateral or guarantees as well as those operating in the informal sector.

Providing finance to hard-to-reach communities

What is microfinance?

Microfinance can play an important role in supporting entrepreneurs from under-served and hard-to-reach groups and communities. Microfinance depends on microcredit, which is a collateral-free loan that is designed for people who are generally excluded from traditional banking services because they have a low or unstable income, or lack sufficient collateral and credit history (Hermes and Lensink, 2007[1]; Kono and Takahashi, 2010[2]; Rosenberg, Gonzalez and Narain, 2009[3]; Rosenberg, Gonzalez and Narain, 2009[4]). Within most OECD countries, microcredit is generally considered to be loans up to EUR 25 000, but some offers can be as much as EUR 50 000. These small loans can be used for personal or business reasons. When used by entrepreneurs for their business, they are typically bundled with other non-financial services such as training and coaching. This package of microcredit and non-financial services is known as microfinance (OECD/European Commission, 2021[5]).

Microfinance can be offered by a wide range of institutions and organisations, including traditional and co-operative banks and business development banks (OECD/European Commission, 2021[5]). However, most microfinance products for entrepreneurs are delivered through specialised microfinance institutions (MFIs).

The main advantage of microfinance relative to other loan products is that it is designed to provide access to small amounts of debt financing to those who face significant obstacles in securing loans. Another rationale for offering microfinance is that it can help entrepreneurs build a credit history so that they can have improved access to mainstream financial products in the future. However, it must also be recognised that clients may face social stigma attributed to microcredit clients by mainstream financial institutions. In addition, MFIs are unlikely to become self-sustainable given the higher risk profiles of their clients.

Does it work?

Despite the lack of consensus regarding the type of impact microfinance has on women's empowerment (Pervin, Ismail and Md Noman, 2023[6]), microcredit remains a prominent poverty alleviation tool (Parmanand, 2021[7]). The microfinance industry is worth USD 60-100 billion globally (World Bank, 2015[8]), and accounts for around 200 million clients. It is, therefore, not surprising that many government institutions include microcredit programmes as an integral part of their development strategy (Parmanand, 2021[7]).

MFIs play a role in providing financial services to many hard-to-reach communities that would otherwise be excluded from formal banking institutions. However, in many developing country contexts, women entrepreneurs' access of microcredit is hampered by societal norms and cultural constraints (see previous discussion in Chapter 3). For example, studies indicate that microcredit can alter relationships between women and their families as well as the wider society in both positive and negative ways. Some studies highlight the positive impact access to microfinance has on women's participation to major decision-making (Pervin, Ismail and Md Noman, 2023[6]), while others highlight conflicts with spouses and harassment from creditors as women borrow loans to meet family needs (Parmanand, 2021[7]). Achieving greater financial inclusion necessitates addressing these gendered barriers prevalent in different sectors and investing in social norm changes (Arnold and Gammage, 2019[9]).

Role of public policy

Overall, governments often support MFIs in various ways to boost financial inclusion. This can include providing interest rate subsidies and partial guarantees to reduce the risks and costs of administering these small loans (Drexler et al., 2020[10]). These types of public support are less common in developing countries, resulting in above-market interest rates on microfinance since the MFIs typically assume the full risk of offering these uncollateralised loans.

Even though the primary aim of microfinance schemes is to provide funding to micro-enterprises, many of these initiatives are gender-blind, and tend to be risk averse to lending money to micro-enterprises due to information asymmetries. As a result, microcredit is more likely to be accessed by salaried employees with regular incomes rather than disadvantaged entrepreneurs, or those located in rural areas.

Public policies that focus on addressing gender inequalities in accessing microcredit are therefore address this challenge. This could include interventions aimed at supporting microfinance institutions increase their geographic coverage to better reach under-represented communities, while also providing incentives such as interest rate subsidies and/or loan guarantees to reduce their level of risk in serving micro-enterprises. In addition, governments could directly – or indirectly through the use of incentives – increase the supply of funding available for microcredit loans and provide technical support to MFIs to increase the quality of services offered.

Collaborative efforts to raise awareness of financial products and services are important. Such efforts need to be accompanied by policies that provide a clear plan of support for women entrepreneurs accessing microcredit. The regulation of microfinance institutions' activities is also vital to avoid financial exploitation and violations of women entrepreneurs, as has occurred in contexts where a comprehensive policy framework is missing resulting in limited oversight.

Lessons from the policy cases

Three country-level policy insight notes have a focus on microcredit issues. They highlight both the demand-side challenges faced by women entrepreneurs in accessing microcredit, and the supply-side challenges faced by microfinance institutions in providing financial resources to hard-to-reach communities (Tanzania). Collaborations with these financial institutions that result in focused interventions aimed at allocating credit to women entrepreneurs are also necessary to achieve greater financial inclusion. However, the need to establish comprehensive policy frameworks and regulations that ensure adequate oversight is equally stressed (Sri Lanka). The key lessons from the notes are:

1. Ensure adequate oversight and monitoring systems are in place to ensure client protection at all levels. Providing support to microfinance institutions, for example, through staff training, to ensure that they are adequately equipped to serve their clientele in a sustainable manner and in line with international human rights standards.
2. Establish targeted gender-specific interventions in collaboration with microfinance institutions in order to address existing gender gaps in accessing microcredit. This could include offering specialised products that meet the specific needs of businesses launched by women entrepreneurs and non-financial services that address common skills and knowledge gaps. In addition, incentives can be offered to microfinance institutions to increase lending to women entrepreneurs, including for example interest rate subsidies or loan guarantees. Another possibility is to use tax incentives to attract more lenders into the market to increase the supply of finance available.
3. Raise awareness of the availability of financial and capacity building resources for women entrepreneurs through joint campaigns with other stakeholders within the ecosystem.

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7 Financing growth-oriented start-ups

Addressing longstanding challenges in access to finance for women entrepreneurs, as well as creating a pipeline of women founders and investors. This chapter discusses policy approaches to improving access to financing for growth-oriented start-ups led by women, including by encouraging more women to innovate and a start business with high-growth potential and addressing gender bias in financial markets.

Investing in innovative and growth-oriented women entrepreneurs

Start-ups with the potential to grow into impactful businesses attract a lot of attention from policy makers because scale-ups are responsible for substantial job creation, stimulate innovation and raise competitiveness. International evidence shows that scalers – those firms that have at least 10 employees that grow in employment or turnover at more than 10% annually for three or more consecutive years – are the engine of job and value creation. While they represent only 13-15% of SMEs, they contributed more than half of all new jobs generated by SMEs between 2015 and 2017 (OECD, 2021[1]).

Women entrepreneurs are under-represented among entrepreneurs operating high-growth potential firms and start-ups. Only 15% of start-ups seeking risk capital investment have at least one woman among the founding team and less than 6% are solely founded by a woman (Lassébie et al., 2019[2]). The small number of women involved in growth-oriented entrepreneurship is due to a variety of factors, including differences in motivations and ambitions in entrepreneurship. Across OECD countries, women are about 41% less likely than men to have high-growth expectations (i.e. expectation of creating more than 19 jobs over the next five years) (OECD/European Commission, 2023[3]). This is shaped by gender norms, education and labour market experiences, family and care responsibilities, attitudes towards risk and more (OECD/European Union, 2019[4]). Lower aspirations for becoming a scaler among women, on average, will reduce their demand for growth-oriented financing.

In addition, women entrepreneurs are less likely than men to be involved in innovation and research, which can propel start-ups to high levels of growth. Women-led businesses are less likely to carry out technology-based innovations; however, the share of women entrepreneurs in knowledge-intensive professions and innovative sectors has increased (Kan et al., 2018[5]). Moreover, women only accounted for 20% of global inventors (relative to 11% in OECD countries) in 2019, which is also due to an under-representation in STEM fields in higher education (OECD, 2022[6]). These gender disparities can lead to women being disadvantaged in pursuing innovative entrepreneurship, lower levels of skills, limited opportunities to build relevant networks in the innovative sectors in the long-term and barriers to access to growth-oriented financing.

Finally, it must be recognised that there are market barriers that disproportionately hinder women entrepreneurs from successfully acquiring growth financing. Barriers are often related to information asymmetries that place women entrepreneurs at a greater disadvantage than men entrepreneurs because investors often make investment decisions based on their “gut feeling”, which can be biased by a range of unconscious discriminations including taste-based discrimination (i.e. behaviour and decisions are not tied to facts), stereotypes (i.e. decisions are based on incorrect beliefs and perceived traits that are associated with particular groups) and investor homophily (i.e. decisions based on association, similarities and familiarities) (Ewens and Townsend, 2020[7]). In addition, there is some research suggesting that there are differences in how investors interact with men and women entrepreneurs. Investors typically ask men and women entrepreneurs different questions at pre-funding stages and investors often respond to intangible characteristics (Ewens and Townsend, 2020[7]). For example, some research suggests that men and women entrepreneurs signal their legitimacy in different ways (Schillo and Ebrahimi, 2021[8]).

These differences in demand for growth financing and market inefficiencies result in a large gender gap in market outcomes. Women entrepreneurs are less likely to successfully receive equity investments compared to men. For example, women entrepreneurs are about 63% less likely to secure venture capital (VC) funding compared to men (Guzman and Kacperczyk, 2019[9]), although there is some variation in the size of this gender gap across countries (Färber and Klein, 2021[10]). Moreover, women-owned businesses receive less funding on average. Women entrepreneurs receiving VC investment only receive about 70% of the funding that men receive on average (Lassébie et al., 2019[2]), and those in United States and United Kingdom with VC backing have been less likely than VC backed men-led start-ups to successfully secure subsequent rounds of funding (Hathway, 2019[11]; Shuttleworth et al., 2019[12]). There has been an increase in VC funding for women entrepreneurs, but mostly through mixed teams of co-founders. Mixed men-women teams received 23% of VC funding in 2023 compared to about 11% on average in the period 2015-22. More generally, estimates suggest that it will take more than three decades to close the gender gap in the VC market if current trends continue (Ewens, 2022[13]).

The lack of access to risk capital also has wider consequences for women's entrepreneurship. One is that women entrepreneurs are missing out on informal learning opportunities. VC investors typically provide professional management support to the businesses they are investing in, which is an opportunity for the founders to strengthen their management and leadership skills and networks. In addition, the lack of women entrepreneurs receiving equity investment restrains the development of an entrepreneurship pipeline because women entrepreneurs have fewer opportunities to transition from successful entrepreneur to mentor and investor that reinvests in other women.

The role of public policy

Governments are well-aware of the gender gaps in growth-oriented entrepreneurship and recognise that economies are missing out on growth, innovations and jobs. Therefore, a wide range of policies and measures are used to address issues on both the supply and demand sides of the financing market as well as improving the functioning of the market.

While governments should avoid using a "deficit" model when designing policy, there is scope to boost motivations for entrepreneurship and ambitions for growth among potential women entrepreneurs. Current approaches tend to focus on entrepreneurship education and the use of role models and entrepreneurship ambassadors to reach out to young women to inform them about entrepreneurship. There is also a need to increase the levels of entrepreneurship and leadership skills among women so that their businesses can have more effective interactions with potential investors. This calls for investment-readiness programmes that also help women entrepreneurs grow their networks to open more funding opportunities.

On the supply side of the market, public policy has a role to educate investors about the benefits of investing in women-led businesses and on how unconscious biases can be reduced during investment decisions. Some progress could be achieved by increasing the number of women involved in managing VC funds and making investment decisions. Only 5% of VC funds in the United States are managed by women (Ewens, 2022[13]). Several OECD governments run training programmes for potential investors, and it is becoming increasingly common to engage successful women entrepreneurs in programmes and encourage them to "give back", including by becoming angel investors. This will help increase the supply of finance available and would be expected to direct more funds toward women-led businesses. However, this is not going to be an automatic solution for reducing the funding gap because women investors, on average, make fewer and smaller investments than men investors, and evidence from the United States shows that their portfolios tend to under-perform by about 10-15%, which is likely due to less experience (Ewens, 2022[13]). This calls for greater efforts to train more women investors, showcase women investor role models and strengthen investor networks.

Moreover, governments are becoming increasingly engaged in directly supporting funds that invest in high-potential women entrepreneurs (OECD, 2023[14]). Direct approaches include the management of funds by public authorities, including for example the Female Founders Initiative in Australia, Women in Technology Venture Fund in Canada and Competitive Start-Fund for Female Entrepreneurs in Ireland. The use of such funds appears to be growing, and the majority of funds are receiving increasing amounts of capital (OECD, 2023[15]; OECD, 2025[16]) (OECD, 2023[14]).

Innovations in the financial sector also hold potential for increasing the supply of growth funding available as new actors enter the market and new products become available. This would be expected to benefit all entrepreneurs, including women, but the limited evidence to date paints a mixed picture on whether these innovations will reduce the gender funding gap. For example, the democratisation of financial markets through crowdfunding creates new potential sources of funding and research often shows that women are successful in securing debt and equity through crowdfunding platforms. However, other new tools such as non-dilutive venture debt for VC-backed companies risks reinforcing the gender gap in VC markets since those receiving VC – mostly men entrepreneurs – will have access to greater support.

Governments also have an important role to work with the private sector to reduce information asymmetries. New private sector platforms are emerging that collect and provide data on start-ups, entrepreneurs, investors and deals. These help to increase the amount of information available in the market and there appears to be a standardisation in the information available, which improves comparability. Both entrepreneurs and investors stand to benefit. However, the gender implications are not clear because these platforms currently tend to focus on certain sectors where women are under-represented (Ewens and Townsend, 2020[7]). This suggests that most women entrepreneurs are not yet benefiting from these developments. Similarly, there are government-led collaborations with financial institutions to collect more gender-disaggregated data so that financial markets can be better-understood with the aim of reducing unconscious bias in lending and investing decisions. To maximise the benefits of improved information in the market, there is a need to also educate those making investment decisions about the different types of gender bias that currently influence investments.

Finally, governments could reinforce policy actions to strengthen access to finance for women entrepreneurs by also making entrepreneurship ecosystems more accessible for women entrepreneurs. While finance is a needed to scale a company, it alone is rarely sufficient. Women entrepreneurs also need improved access to networks and professional support organisations.

Lessons from the policy cases

Eight country-level policy insight notes focus on policies and programmes designed to improve access to finance for innovative and high-growth oriented women entrepreneurs. They discuss various policy instruments that address gender bias in lending and investment practices (Australia, New Zealand, United States) and ensure that women play a greater role in innovation (Brazil, Finland, France, Italy). The notes also explore the impact of broader gender issues related to entrepreneurship and labour market participation by women on opportunities for women-led businesses with aspirations to reach new markets (Nigeria). These notes highlight several key takeaway messages for policy makers:

1. Increase efforts to build a pipeline of women entrepreneurs, including through education, role models and promotion campaigns. This could include efforts to encourage more young women to study in STEM fields so that more women can become involved in scientific innovation and start-ups.
2. Address the under-representation of women on the supply side of the market with training and support for the creation of women-dedicated investor networks. This could be paired with education for investors more generally to increase awareness about potential biases in investment decisions and the benefits of investing in women-led businesses.
3. Consider using dedicated public funds to fill current market gaps as several countries have had success. Many of these funds have succeeded because the financial mechanisms are strongly linked with leadership and management training, business counselling and advice, and networking that combine to offer a more holistic support package. Governments are encouraged to continually monitor and regularly evaluate such programmes, including their impacts on the private markets.
4. Enhance gender-disaggregated data collection as well as monitoring and evaluation mechanisms to measure women's entrepreneurship and the impacts of policy on their ability to access growth financing.

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8 Improving programme design and access

Policies and programmes aimed at supporting women in starting and managing new businesses have had varying impacts. In many cases, financial support measures can be designed and implemented to meet the needs of women entrepreneurs across different contexts.

Support interventions and initiatives

A major motivation for supporting women's entrepreneurship is that the full potential of entrepreneurship can only be achieved when it is a viable option for all (OECD/European Commission, 2023[1]; Carter et al., 2015[2]). This has led to a proliferation of support initiatives and interventions aimed at increasing women's participation in entrepreneurship. However, many of these policies and initiatives adopt a gender-blind perspective that fails to recognise the specific challenges faced by women (Lee and Pollitzer, 2016[3]). Furthermore, policies often do not sufficiently address the structural barriers that constrain women's access to resources within ecosystems (Coleman et al., 2019[4]; Henry et al., 2017[5]).

Access to finance remains a major challenge for women entrepreneurs globally (OECD, 2021[6]), and policy initiatives can play a significant role in facilitating women's engagement in entrepreneurship. However, such interventions need to address structural barriers, including societal expectations, cultural norms, limited legitimacy and access to social and financial resources, in order to more effectively support women's entrepreneurial activities. Research shows that the constraining influences of socio-economic factors often position women's firms in gendered sectors (Carter et al., 2015[2]) that present specific challenges. Programmes, therefore, could use a combination of targeted interventions while bringing in considerations for women entrepreneurs into the design of mainstream programmes (Owalla et al., 2021[7]).

Role of public policy

Public policies could seek to adopt a holistic approach to understanding women entrepreneurs' access to finance that considers not only the individual experiences but also the structural factors influencing their participation in the entrepreneurial ecosystems (Foss et al., 2019[8]). A commitment to providing long-term and sustained support (Owalla et al., 2021[7]) is essential to transform the existing funding landscape. In addition, policy development requires the development of an evidence base of both the lived experiences of women entrepreneurs in accessing funding, and the impact of existing initiatives and interventions to inform the development of new targeted interventions and restructuring of existing measures.

Creating a more equitable environment is a complex task that requires greater collaboration amongst all stakeholders involved. Public policy initiatives can facilitate these partnerships and collaborations by providing platforms (including online) that bring together multiple stakeholders from various regions to develop interventions that can more effectively address the specific needs and challenges facing women entrepreneurs accessing funding.

Lessons from the policy cases

Several policy notes focus on the design and delivery arrangements of policy interventions in different contexts and how sensitive programme design and arrangements for access for women can make a difference to their effectiveness. The complexities of impacting entrepreneurial ecosystems are highlighted in the notes. Even in cases where policies address societal inequalities, significant disparities still persist in access to financial resources (Slovenia). At the same time, there are examples of gender-neutral interventions designed to provide financial support and offer soft support that have the unintended consequences of positively impacting women's access to finance (United Kingdom). However, the importance of having a dedicated women's entrepreneurship finance policy is reiterated in several policy notes (notably Ireland and Northern Ireland (United Kingdom)). The notes from Kazakhstan and Sweden also indicate that a holistic approach that includes policy reforms, improved resource availability and tailored interventions that are conscious of the specific needs and type of firms, sectors and industries that women entrepreneurs operate in is equally important. Key lessons from the policy notes are as follows:

1. Develop dedicated women's entrepreneurship finance policies and interventions that have clear actions and targets to address the structural barriers impeding women's access to finance. The design of such programmes could include evaluation aspects that build on the evidence base of lived experiences of women entrepreneurs accessing funding.
2. Establish a common framework for different stakeholders. This would provide networking opportunities for women entrepreneurs to share their experiences and learn from one another, while raising awareness of opportunities. Increased interactions between lending institutions and women entrepreneurs would also be useful in changing perceptions regarding finance accessibility, while informing lenders on the specific challenges for women.
3. Create a conducive environment for smaller businesses by simplifying regulatory requirements to reduce administrative burden and pay greater attention to the specific needs of micro-enterprises. This could include facilitating small and short-term financial needs and providing access to low risk loans for those with limited collateral.

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9 Harnessing the potential of fintech to improve access to start-up finance for women entrepreneurs

Fintech is reshaping financial markets through the emergence of new products, services, actors and marketplaces. These technological innovations hold the potential to reduce gender discrimination in start-up financing decisions and improve access to finance for women entrepreneurs. However, there are concerns that decisions made by algorithms will nonetheless have gender biases and that they will direct financial resources towards projects that are most likely to generate high levels of profit. Both would be detrimental for women's entrepreneurship.

Digitalisation in start-up finance markets

Digitalisation is revolutionising financial markets by improving efficiency, reducing transaction costs and making markets more accessible, transparent and secure. Fintech – the contraction of “finance” and “technology” – can be defined as “technology-enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on the provision of financial services” (FSB, 2017[1]). In practice, this term is used to cover a wide range of financing services, new actors such as online challenger banks (i.e. new banks that typically rely on fintech products and services to compete with traditional banks), new marketplaces (e.g. online crowdfunding platforms) and the digital transformation of private equity instruments (i.e. digitalisation of investment assessment and monitoring, including the influence on investor objectives). The growth of fintech and alternative finance markets has changed the way that traditional actors and markets behave but has also created opportunities for technology companies to offer some financial services (e.g. Amazon, Alibaba, Alphabet, Apple, Facebook) (OECD, 2020[2]). The growth of fintech and alternative financial markets creates both opportunities and challenges for women entrepreneurs.

While fintech is still disrupting financial markets, there is evidence that women entrepreneurs have been relatively more successful in some emerging markets than in traditional financial markets. Most notably, women entrepreneurs appear to be more successful at raising funds on crowdfunding platforms than male entrepreneurs (Wesemann and Wincent, 2021[3]; Johnson, Stevenson and Letwin, 2018[4]). This is likely due to women entrepreneurs being more active in crowdfunding markets than in traditional financing markets. Another factor is that women investors are also more active in crowdfunding markets and there is evidence suggesting that women investors are more likely to support women-led projects, which is sometimes referred to as “activist homophily” (Greenberg and Mollick, 2017[5]).

Nonetheless, there is a risk that fintech could reinforce financial exclusion for women entrepreneurs. These new markets, products and services rely on algorithms that are potentially embedded with the unconscious gender biases of those who are designing, coding and using them, i.e. mostly men. In addition, there is a risk that a strong reliance on algorithms could direct funding away from projects that are not seeking high levels of profit, which would put women entrepreneurs at a disadvantage because they are more likely than men to operate smaller and less growth-oriented businesses. They are also more likely to operate businesses with a social mission (OECD/EU, 2022[6]).

In addition, there is a risk that funding decisions will be largely data-driven and that entrepreneurs will have fewer opportunities to interact with lends and investors. These face-to-face interactions are an important learning opportunity for women entrepreneurs where “soft” information can be exchanged and informal coaching can occur (Malmström and Wincent, 2018[7]). These missed opportunities likely have greater consequences for women entrepreneurs who, on average, have greater knowledge and skills gaps (OECD/European Commission, 2023[8]) and fewer opportunities to acquire such knowledge in their networks (OECD/EU, 2015[9]).

Role of public policy

Governments play a critical role in shaping the development of fintech. Some of the paramount concerns for governments are to ensure the integrity of financial markets, including maintaining financial stability, protecting consumers and investors from misleading and illegal transactions as well as reducing possibilities for money laundering and financial crime. Other major concerns include cybersecurity, promoting competition in financial markets and working with other countries to ensure that taxation is collected appropriately in the correct jurisdiction. In addition, they support innovation with various mechanisms including tax incentives and grants and often work with the technology companies in regulatory sandboxes to ensure that new products, services and markets are developed in-line with government and regulator policy objectives.

There is also a need for governments to ensure that entrepreneurship support programmes (e.g. training, coaching and mentoring, business counselling) are preparing women entrepreneurs to take advantage of these opportunities. This include informing them about different products, services and markets as well as potential pitfalls to avoid. This could be done by integrating basic training into existing programmes and developing more advanced training in collaboration with the private sector.

In addition, there are examples of governments leveraging some of these new tools in public funding programmes. For example, there are a number of crowdfunding platforms that have been established as a marketplace for specific groups of entrepreneurs and others where entrepreneurs benefit from government providing matching funding for finance raised on the platform.

Lessons from the policy cases

This report includes three country-level policy insight notes focused on exploiting the potential of fintech for improving access to finance for women entrepreneurs, covering Scotland (United Kingdom), South Africa and Spain. The first note on Scotland (United Kingdom) focuses on how the government could further leverage crowdfunding to support women entrepreneurs since this is one of the fintech success stories with respect to women's entrepreneurship. The other two notes on South Africa and Spain examine fintech more broadly, discussing how to involve more women in the sector to increase the benefits for women entrepreneurs and how women-dedicated schemes could be used.

All three notes underline the potential of fintech for improving access to finance but note several conditions need to be met. These include having the appropriate regulatory framework in place that balances the wide range of policy considerations such as market integrity, consumer protection, financial literacy and "know your client" regulations. It is also important to invest with the private sector in developing the necessary infrastructure for these innovations (e.g. secure transaction processing) and related regulations. Finally, there is a need to have greater representation of women in the fintech sector at all levels (e.g. employees, leadership) so that the sector moves towards being more gender neutral. This will help to address some of the risks that fintech will re-enforce gender bias in funding decision because algorithms have been coded with a gender bias.

The following lessons for government policy can be drawn from these country notes:

1. Increase the availability of financial literacy training – specifically on fintech – for women entrepreneurs both as integrated modules in general entrepreneurship training programmes as well as specialised stand-alone training for those looking for more knowledge. A particular focus on debt and equity crowdfunding would be a good start given the success that women entrepreneurs have had on platforms in recent years.
2. Work with the private sector to look for ways to increase the participation of women in the fintech sector so that gender issues are given strong consideration as new products and services are developed. This includes supporting the development of women-centric fintech products and services. Governments could also consider when public funds could be dispersed through crowdfunding platforms, e.g. by offering matching funding when campaigns reach certain thresholds.
3. Closely monitor developments in the fintech sector to ensure that financial exclusion is not increased. This will require collecting more gender-disaggregated data in partnership with fintech companies and sector associations to monitor and report on trends. This could also help raise awareness of the risks of financial exclusion within the sector.

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Part II International policy insight notes

10 Australia: Policy insights on growth financing

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Background

Australia has a vibrant entrepreneurial ecosystem with over 406 000 new ventures created in 2023, attracting USD 2.5 billion in investment. However, this marks a significant decline from 2022, which saw USD 5.4 billion invested in over 470 000 start-ups (KPMG, 2024[1]; Statista, 2024[2]). Women are increasingly involved in entrepreneurship, with a 95% rise in women founders between 2016 to 2021, compared to a 45% increase for men founders (Deloitte, 2022[3]). Yet, women-led enterprises in Australia secured only 0.7% of start-up funding, despite their potential to generate more revenue per dollar invested than men-led enterprises (Deloitte, 2022[3]). An inherent gender bias against women continues to impede access to capital for women-led enterprises, with women founders in rural and regional areas facing even greater obstacles. These include poor digital communications infrastructure (Saavedra, 2024[4]) and unequal access to financial and institutional resources, as ecosystem supports are concentrated in Australian capital cities (Eversole et al., 2019[5]).

Policy issue: Financing growth (public and private)

Evidence shows that government policies are important to stimulate more gender-inclusive entrepreneurial ecosystems (Eversole et al., 2019[5]; Cooke and Leydesdorff, 2006[6]). Yet, recent policy reports overlook the need to invest in women's entrepreneurship in general and women-led start-ups and growth in particular (Australians Investing in Women, 2023[7]; Commonwealth of Australia: Department of the Prime Minister and Cabinet, 2023[8]). An existing funding avenue for women entrepreneurs at the federal level is the Australian Government's Boosting Female Founders (BFF) initiative, which was launched in 2018 (OECD, 2021[9]). It supports women-led start-ups to launch, scale and expand globally by providing grants ranging from AUD 100 000 to AUD 480 000 to women founders, including Indigenous, migrant, refugee and women entrepreneurs that have a disability (Department of Industry, 2018[10]). The initiative operates on a matching funding basis, requiring applicants to have committed funds before applying for grants. In its third round, the programme has faced challenges including "poor communication, data leaks and significant delays in financing" (Jones, 2023[11]). This has proven to be an obstacle for many women-led start-ups

Various state governments also have initiatives to support the growth of women-led enterprises. In Queensland, the Backing Female Founders Programme (BFFP) oversees the Female Founders Co-Investment Fund, which offers grants of up to AUD 200 000 to businesses founded by women and where women hold more than 50% ownership (Advance Queensland, 2024[12]). The grant also operates on a matching funding basis, providing AUD 1 for every AUD 3 secured in investment. In Victoria, which boasts an AUD 103 billion start-up ecosystem (LaunchVic, 2024[13]), the Alice Anderson Fund (Premier of Victoria, 2023[14]), named after a pioneering female mechanic and entrepreneur, is LaunchVic's AUD 15 million sidecar fund, which is a separate investment fund established by LaunchVic to increase the funding pool available to Victorian women (LaunchVic, 2024[15]). The fund co-invests between AUD 50 000 and AUD 300 000 in early-stage deals and has supported 20 start-ups in its first year, with 85 cents on the dollar taken as equity, providing a boost to women-led start-ups (Premier of Victoria, 2023[14]; Jones, 2023[16]). Growth-oriented women-led enterprises still experience a considerable investment gap, as the State of Victoria provides one-third funding. In contrast, two-thirds of the capital must be provided by private investors (LaunchVic, 2024[15]).

Women are less likely than men to seek or obtain private capital, in particular, venture capital (VC), due to documented gender discrimination, homophily, ecosystem and structural differences between men- and women-led enterprises (Brush et al., 2018[17]; Gompers et al., 2022[18]; Li et al., 2023[19]). In Australia, as elsewhere, investors' unconscious gender biases lead them to prefer business pitches presented by men, even when the content is the same (Wade Institute, 2019[20]). Biases are clearly evident in the Australian VC landscape, where only four of the top ten VC firms have women partners (Wade Institute, 2019[20]) and only 0.7% of the total AUD 10 billion in VC in 2022 went to solely women-founded companies (the global average is 2%) (Deloitte, 2022[3]). Australia does, however, have three private VC funds that proactively focus on women entrepreneurs: Artesian, ALIAVIA Ventures and Scale Investors. Artesian has an AUD 100 million Female Leaders VC Fund that invests in high-growth start-ups led by women who are often overlooked by other VCs (Artesian, 2022[21]). The Artesian fund aims to rectify this market failure by supporting women founders with financial and strategic backing, leveraging their unique perspectives, unexplored business opportunities and under-utilised talent to achieve strong returns. Although ALIAVIA Ventures is based in California, it focuses on early-stage ventures in both the US and Australia that are founded by women; so far, they have made nine investments with 27 investors from across both countries. Scale Investors is Australia's first network of women angel investors that invests in empowering women entrepreneurs. It has so far invested AUD 20 million into 46 businesses which now have a market value of over half a billion (Scale Investors, 2024[22]).

Crowdfunding is an alternative avenue of funding for early-stage and growth-oriented businesses. Australian growth-oriented businesses with more than AUD 1 million in revenue accounted for about 50% of all successful Australian crowdfunding offers in 2022, which is a 103% increase compared to 2021 (Birchal, 2023[23]). Equity crowdfunding is becoming a core part of the funding landscape in the Australian start-up ecosystem, though it is narrowly concentrated in New South Wales (Rossi, Vismara and Meoli, 2019[24]). Women-led businesses account for 11% of the campaigns, valued at 6% of the total funds raised in 2022 (Cut Through Ventures and Folklore Ventures, 2024[25]). Men-led enterprises comprised 70% of all successful crowdfunding campaigns in 2022 and accounted for 76% of the total funds raised (Cut Through Ventures and Folklore Ventures, 2024[25]). Crowdfunding has been criticised for its lack of transparency at the expense of the investor, resulting in recent calls in Australia for legislative change to protect investors and underscore the quality of crowdfunding (Cut Through Ventures and Folklore Ventures, 2024[25]). To combat the weak crowdfunding outcomes for women, specific women-focused crowdfunding platforms have been introduced. For example, Lift Women, Australia's first women-focused crowdfunding platform, was one of the early recipients of LaunchVic Alice Anderson sidecar investment fund after receiving backing from two insurance companies. The Alice Anderson sidecar fund has had a positive impact on women-led enterprises supporting the creation of more than 120 jobs by women-led start-ups ─ the majority of which have been taken up by women.

Conclusions

While there is a rise in the number of women founders, their growth is still outpaced by men-led firms (Premier of Victoria, 2023[14]). Women founders' continue to face access to finance barriers in Australia, both in traditional arenas and new financial platforms. In particular, improved access to external equity finance is a critical factor for success. There is a need for more practical initiatives to address these issues. Existing matching funding programmes do not fully address the gender, racial, geographic and social biases in the Australian investment market. Women-led start-ups are also missing out on the valuable advice, expertise and other (in)tangible supports for business development and acceleration that are often paired with external finance. Key potential policy action steps include raising awareness of the economic benefits of investing in growing women-led enterprises across the nation, incentivising private investors to help close the investment gap and prioritising women's entrepreneurship in future policy and programme strategies.

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11 Brazil: Policy insights on financing innovative women entrepreneurs

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Background

Women are significantly under-represented in entrepreneurship compared to men. For example, about 23% of men are involved in starting or managing new businesses in 2022, whereas it was notably lower among women at 17% (Machado et al., 2023[1]). Similarly, 7% of women were reported managing an established businesses that was more than 42 months old, which was half of the rate by men (14%). Consequently, the overall disparity between involvement of men and women in entrepreneurial activities amounted to 13 percentage points (p.p.) with 37% of men and 24% of women participating.

There are notable differences in entrepreneurial motivations between women and men in Brazil. There is a higher prevalence of necessity-driven entrepreneurship among women entrepreneurs. In 2022, 54% of new businesses led by women were started because they had difficulties finding a job. Furthermore, the sectors dominated by women entrepreneurs exhibit lower diversity, primarily concentrated in catering (18%), retailing (11%), domestic services (8%), and hairdressers and other beauty care activities (7%) with limited technological sophistication and innovation. While men entrepreneurs in Brazil also demonstrate low levels of innovation with 79% indicating that their products/services lack innovation, women entrepreneurs are even less likely to innovate as 87% report that they do not (Machado et al., 2023[1]).

The low levels of innovation in Brazilian start-ups and early-stage businesses remains a persistent issue due to low levels of internationalisation, innovation in products and processes and the low presence of high-growth enterprises in the Brazilian entrepreneurial ecosystem (Inácio Júnior et al., 2016[2]). Moreover, recent survey evidence revealed that women founders represented only 20% of the 1 753 Brazilian innovative start-ups surveyed (Abstartups, 2024[3]).

Policy issue: Supporting innovative women entrepreneurs

In response to the prevailing gender disparities in entrepreneurship and calls for the enhancement and recalibration of women's entrepreneurship policies by academic researchers (Foss et al., 2019[4]; Teixeira, Borges Júnior and Almeida, 2023[5]) – particularly towards technology-driven start-ups – Finep (Brazilian Innovation Agency) and the Ministry of Science, Technology, and Innovation (MCTI) initiated the "*Programa Mulheres Inovadoras*" ("Innovative Women Programme"). This programme aims to bolster start-ups led by women with the overarching objective of enhancing women's representation in innovative sectors within the national entrepreneurial landscape. It includes acceleration programmes, tailored mentorship and opportunities for engagement with industry experts. In addition, it offers grants to support up to 30 women-led start-ups across Brazil with a maximum of six start-ups per region. Over the course of the programme's first three editions, 82 start-ups underwent acceleration, collectively receiving over BRL 3.3 million (approximately USD 660 000) in grants.

As the programme embarks on its fourth edition, the call for proposals has outlined specific priorities, including health, information and communication, agriculture, energy, environmental sustainability, internet and AI, education and food production among others. The breadth of coverage in terms of technologies and thematic areas reflects a commendable commitment to addressing sustainability concerns and responding to competitive pressures, thereby aiming to position Brazil as a truly competitive and sustainable economy.

However, the programme is limited in terms of the number of start-ups it can accommodate, given the vast size of the country and its substantial entrepreneurial population. Thus, while the "*Programa Mulheres Inovadoras*" has made strides in addressing a crucial issue within the Brazilian entrepreneurial ecosystem and has generated meaningful albeit modest impacts, there remains ample room for expansion and enhancement of the support offer.

Despite these limitations, the programme has successfully fostered women-led technology-based entrepreneurship across all regions of Brazil. While there was some initial concentration in the South and Southeast regions during the inaugural edition in 2020 (21 start-ups), subsequent editions in 2021 and 2022 expanded to accommodate six start-ups from each of the five geographical regions. Notably, the third edition in 2022 saw the South region supporting seven start-ups, bringing the total to 31 start-ups supported across the country.

Conclusions

Women typically encounter more pronounced difficulties than men in the availability of financial resources for entrepreneurship in Brazil. This includes difficulties in accessing venture capital for business creation and in accessing growth finance. Women entrepreneurs can also face difficulties in accessing support from entrepreneurship support organisations in the Brazilian entrepreneurial ecosystem. Boosted policy initiatives in these areas can help respond to these issues.

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12 Canada: Policy insights on financial literacy

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Background

Women entrepreneurs make significant contributions to Canadian prosperity through business start-up and growth. In 2024, the Canadian Labour Force Survey reported that majority women-owned businesses, including self-employed workers, accounted for 19.6% of all private sector businesses (Tam, Soo and Johnston, 2024[1]). Compared to men, however, women are significantly less likely to own and manage employer small- and medium-sized enterprises (defined as firms employing 1 to 499 people and generating over CDN 30 000 in gross revenue). In 2020, among employer SMEs, 16.8% were majority women-owned firms, 68.9% were majority men-owned firms and 14.3% were equally owned by men and women (ISED, 2022[2]). The Global Entrepreneurship Monitor in Canada reports that in 2022, 18.3% of men and 14.8% of women engaged in early-stage entrepreneurial activity (Gregson and Saunders, 2023[3]).

Gender differences in firm survival rates, experience and labour market productivity underscore the value of gender-based analysis of finance, entrepreneurship education and small business training programmes. Between 2005 and 2019, majority men-owned businesses showed slightly higher survival rates compared to majority women-owned businesses (ISED, 2022[4]). Principal owners of men-owned enterprise are, on average, more likely to have prior industry experience than their women counterparts (Grekou, 2020[5]). This is important because prior industry experience is positively correlated with firm revenues, number of employees and labour productivity (Grekou and Watt, 2021[6]). Financial management experience is associated with access to capital that is critical for firm survival and growth (Nitani, Riding and Orser, 2020[7]). Women entrepreneurs report less financial management experience and less financial knowledge compared to men, where men achieve higher scores on tests of small business financial knowledge than women (Orser and Riding, 2020[8]). Enhancing human capital while addressing structural barriers that stymie women entrepreneurs' access to capital remains a challenge.

To bolster women entrepreneurs' human capital and access to financial capital, economic development organisations, education and training institutes, and lenders offer a myriad of small business finance courses. In Canada, for example, there are over 200 business accelerators and incubators that support entrepreneurs (ISED, 2022[9]). Most programmes do not acknowledge gender influences in experience, financial decision-making or structural barriers that impede women entrepreneurs' access to and use of capital. Few support train-the-trainer programmes to integrate insights about gender and gendered entrepreneurial ecosystems within programming (Orser, Elliott and Cukier, 2019[10]). Women are also less likely to engage with accelerator programmes compared to men (Maxheimer and Nicholls-Nixon, 2022[11]).

At the same time, women-focused small business programmes have proliferated in entrepreneurial ecosystems (e.g. bootcamps, micro-lending programmes, investment funds, angel networks). Programming is funded in part through the federal Women Entrepreneurship Strategy (WES) Ecosystem Fund. The federal government invested CAD 100 million over five years to strengthen capacity within the entrepreneurship ecosystem and close gaps in services for women entrepreneurs. An additional CAD 65 million was provided to the WES Ecosystem Fund in 2021 (ISED, 2022[12]). The strategy focuses on individuals (e.g. mentoring, training, loans) versus interventions to address structural inequalities, injustices and biases (Richard, 2025[13]). To date, there is no federal policy to inform WES programming, adjudicate training proposals, or link provincial education and federal economic and education mandates (Orser, 2023[14]). This risks resulting in reinventing curricula, amplifying stereotypes, and limiting awareness of evidence-based insights about gender differences among Canadian entrepreneurs, particularly with respect to small business finance. Considering early exposure to entrepreneurship at the university level, the Business Development Bank of Canada (BDC) (BDC, 2023[15]) concludes:

> *"The education system often falls short in preparing students for the realities of entrepreneurship, failing to expose them to essential skills. This lack of expertise impacts not only their confidence to start a new company but also their ability to nurture an existing one, creating a growing gap between entrepreneurial intent and success."*

Policy issue: Financial literacy programmes

Few education, training or investment organisations adopt a gender lens in demand- or supply-side financial literacy programming. Businesses created by women often differ from those created by men (Nitani and Nusrat, 2023[16]) in terms of firm size, sector engagement, amounts and sources of inaugural capital, and founders' growth expectations. Hence, women encounter more and greater challenges in accessing external finance for entrepreneurship. From the demand side, majority women-owned businesses are less likely to request debt financing (Statistics Canada, 2022[17]) and receive smaller amounts of financing across bank loans, leases, trade credit and government funding (Nitani and Nusrat, 2023[16]). When seeking equity capital, women-led businesses are less likely to attract angel investment and venture capital, garnering a mere 4% of venture capital funds earmarked for high-risk, high-reward businesses (ISED, 2022[12]).

From the supply side, investment decisions are made within a context of gender disparity within capital markets. In debt markets, while women occupy 49% of middle management positions in Canada's six largest banks, they retain only 39% of senior management roles (CBA, 2022[18]). In equity markets, women comprise 37% of angel organisation members (NACO, 2023[19]). Among venture capital firms, women hold only less than 20% of partner positions (CVCA, 2021[20]). The under-representation of women angel investors and venture capitalists compounds the already challenging Canadian equity investment landscape, particularly for investments under CAD 5 million, characterised by a scarcity of angel and venture capital (Nitani and Nusrat, 2023[16]).

Illustrative exceptions aimed at addressing this scarcity are SheBoot and the Financial Feminism Investing Lab. SheBoot is a bootcamp that prepares women founders to pitch their business and secure investment capital. Founded by Capital Angel Network and Invest Ottawa, this national non-profit organisation helps scale technology and grow technology-enabled women-led businesses. Launched with government support in 2021 by the Haskayne School of Business, University of Calgary and The51 (a venture capital firm that invests in women-led and gender-diverse businesses), the Financial Feminism Investing Lab prepares women to become angel investors and venture capitalists, capable of evaluating risks and devising strategies to invest in start-ups. More recently, the crown corporation BDC introduced THRIVE lab, advancing CAD 100 million to equity and equity-like investments and training support for at least 100 women-led businesses (BDC, 2023[21]). These programmes demonstrate the merits of partner-based programming led by experienced trainers who understand gender influences and structural biases in capital markets. Although such programmes are commendable, some concerns have been raised that women entrepreneurs and investors are over-mentored and under-funded. There remains the need to introduce policies to address structural barriers in capital markets and within entrepreneurship education and small business training programmes.

Conclusions

Canada's entrepreneurial landscape presents a compelling juxtaposition. Internationally, Canada is lauded for the Feminist International Assistance Policy. Yet, domestic policies that require gender-based analysis of government-funded capital market initiatives and entrepreneurship/small business education and training are largely absent. While there has been an increase in programmes to support women entrepreneurs, there are no policies to mandate gender-based evaluation of accessibility and effectiveness. The current approach of the Women Entrepreneurship Strategy leans heavily on an individualistic approach rooted in the liberal feminist standpoint (Richard, 2025[13]). Policy should now focus on broader structural inequalities and biases that women entrepreneurs face (Orser, 2022[22]). It is also time to gather data and draw upon innovative approaches to uncover the intersectional and compounded disadvantages that women entrepreneurs face (Bokhari, 2022[23]). Targeted policies are necessary to close knowledge and capital market gaps, boost the participation of women entrepreneurs and investors, and enhance firm survival and growth. This requires the Government of Canada to move beyond ad hoc programming to constructing a national policy framework that supports gender-based analysis of finance and entrepreneurship programming including funding, design, delivery, content and evaluation criteria.

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13 China: Policy insights on how culture influences access to finance

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Background

In recent years, China's "economic growth miracle" has begun to show symptoms of slowing. Women entrepreneurs, especially those in the high-growth online sector, have become a new engine driving economic development. In this sector, women are often considered more entrepreneurial than men and own approximately 55% of all online businesses in China (GEM, 2018[1]; Wang, 2022[2]). China's economic policy making now prominently features the state-led "She Economy" initiative (Ren, 2019[3]).

First coined by the Education Ministry in 2017, the term "She Economy" initially stressed the importance of women consumers to the economy. It has since been expanded to acknowledge women's significant potential to reshape the economy through self-employment and entrepreneurship. Lin Yi, Vice Chairwoman of the All-China Women's Federation (ACWF) — China's largest official, state-sponsored women's organisation — emphasised the crucial role of women entrepreneurs in the post-COVID-19 economic recovery at the China-European Union side event titled "Fostering Women Entrepreneurship in the Technology and Digital Sectors" at the 67th Commission on the Status of Women (Yi, 2023[4]). Yi highlighted that women are not only consumers but also investors, creators and innovators in the digital economy, who are integral to the government's commitment to harnessing advanced technology and innovation. This approach is aimed at driving economic growth in a manner that is robust and environmentally sustainable.

Policy issue: Social and cultural issues related to financial policies

Government policies, notably the national "@Her Entrepreneurship Plan" (@HEP), are instrumental in improving women entrepreneurs' access to capital, networks and markets. The @HEP aims to provide women entrepreneurs with an online resource platform through which to mobilise new thinking, technology and public-private partnership mechanisms (@Her Entrepreneurship Plan, 2024[5]). These policies like the @HEP, however, often primarily focus on economic barriers, such as start-up capital, while overlooking social and cultural barriers, such as the persistent patriarchal norms in China (Zhang and Jurik, 2021[6]).

An increasing number of women are pursuing higher education and professional careers, enhancing their financial independence and decision-making power within households (Zhou, 2016[7]). Therefore, the "She

Economy" represents a vital and growing segment of the economy. Spanning various sectors such as technology, healthcare, education and fashion, it has potential to significantly contribute to economic growth. While challenges persist, particularly about gender equality more broadly, the opportunities for women entrepreneurs to engage with this burgeoning market are substantial. A cultural shift has been observed in advertisement and marketing strategies that were tailored to appeal to women consumers, acknowledging their significance role in driving economic growth. Nevertheless, it is uncertain whether this consumer power can be leveraged to tackle societal issues, including "lying flat" (i.e. a term used to refer to youth disengagement) and the role of women in enhancing national well-being, especially given current mental health and youth unemployment concerns (The Economist, 2023[8]).

Key questions remain about how aware women entrepreneurs are of the challenges facing the "She Economy" and how effectively policies can enhance not only economic growth but also gender equality. Promotion of the "She Economy" has barely shifted Chinese traditional cultural views about the role of women in Chinese society, with women often regarded as secondary to men in the workforce. In Confucian culture, a woman in an ideal Chinese traditional family should obey her father as a child, her husband as a wife, and her grown son as a widow (Tu, 1998[9]). Consequently, women are typically seen as responsible for managing the household and supporting husbands as breadwinners (Zheng, 1997[10]). Women's entry into entrepreneurship conflicts with these cultural views and therefore, they are frequently discouraged or discriminated against in the loan application process (Caglayan, Talavera and Xiong, 2022[11]). This obstacle is even more pronounced for women from rural areas, where the impact of traditional norms and culture is stronger (Evans, 2021[12]).

Also, limited access to resources and education, corruption, and the reliance on "Guanxi" (i.e. networks) intensify gender-specific obstacles. These factors disproportionately hinder women's ability to start and grow businesses, navigate bureaucratic challenges, and build crucial professional networks, exacerbating economic disparities and limiting opportunities for women entrepreneurs (Huld, 2023[13]). Additionally, the focus on traditional business performance metrics over sustainability and social impact inhibits the adoption of green practices in women-led businesses. This issue is further compounded by a general lack of awareness about sustainability and significant barriers for women entrepreneurs – especially in under-developed areas – in securing financial and network support.

Conclusions

Government policies around the "She Economy" seek to address the obstacles to improving the economic well-being of women's careers in entrepreneurship as well as offer enhanced life opportunities. Despite progress, there is a need for greater policy support to enable women to access opportunities to start and grow businesses, navigate bureaucratic hurdles, and build professional networks.

Boosted policy support would help expand access to educational, cultural and technological resources and strengthen market understanding and business acumen. These policies could include designing and implementing specific educational programmes and workshops aimed at women entrepreneurs, providing them with the tools that they need to thrive (Huld, 2023[13]). In addition, efforts to create build fair and transparent processes in the business environment would help women to explore the entrepreneurship landscape. Policies aimed at protecting women from gender discrimination in the workplace are also highly relevant (Zhou, 2016[7]). Furthermore, fostering inclusive networking opportunities can reduce reliance on "Guanxi" and thereby help women to build professional relationships necessary for business success. Establishing platforms and events where women can network and collaborate with peers and mentors can boost their business prospects and break down traditional barriers.

Women will play a pivotal role in shaping China's social and economic life. Creating an enabling environment with adequate resources can help unlock the full potential of the "She Economy", driving economic growth and fostering social inclusion.

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14 Czechia: Policy insights on how culture influences access to finance

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Background

Traditional gender roles continue to persist throughout many aspects of society (EIGE, 2022[1]). For example, it is common for women to have greater responsibilities for housework and care for relatives than men (MPSV, 2022[2]). While many people support traditional gender roles for men and women (see (ISSP, 2012[3])), the employment rate of women in Czechia is relatively high (with a low share of part-time work) as most households rely on two incomes (CZSO, 2022[4]). Nonetheless, there is a high gender pay gap (Eurostat, 2021[5]), which is particularly due to the "motherhood penalty" since parental leave is three years (one of the longest periods of parental leave in Europe). The availability of institutional childcare is limited, especially for children under the age of three (Eurostat, 2022[6]), which hinders a return to work for young mothers since there are few opportunities for flexible and/or part-time work (CZSO, 2022[4]). Therefore, entrepreneurship is often viewed favourably by young mothers because business creation and self-employment potentially offer flexible types of work to help reconcile family and work obligations (CZSO, 2022[4]).

However, there are also strong gender inequalities in entrepreneurship as women only account for 31% of all self-employed people and business owners (550 000 men and 252 000 women in 2022) (CZSO, 2023[7]). In addition, women are more likely than men to start a smaller business (CRIF, 2022[8]) and largely operate in the service sector (CZSO, 2023[7]). Women also disproportionately account for "younger" companies. 37% of women-owned enterprises have been in business for five years or less compared to 32% of men-owned enterprises (CRIF, 2022[8]).

There is currently no specific women's entrepreneurship policy, nor any specific financial measures that target women entrepreneurs. Overall, the mainstream financial instruments available to women entrepreneurs are often short-term measures that are typically targeted at the start-up phase. While there is some limited support for the "best" high-potential projects, few women entrepreneurs receive support and the criteria for obtaining support are not always clear. Even when women entrepreneurs successfully secure finance, they often face similar challenges obtaining finance during later stages of business development. The following is a brief overview of the types of financial instruments that are currently available to support the creation and operation of a business:

- Schemes supported by the Labour Office that typically support self-employment as a form of job creation, including support for job seekers.

- Schemes that are supported by EU Structural Funds (e.g. European Social Fund) that are often delivered by non-government organisations.
- Competitions or *ad hoc* programmes that are often offered or supported by private banks, providing financial support in the form of lump-sum payments that are only for the most successful applicants.
- Traditional bank loans that are often offered with high interest rates and are aimed at supporting businesses run predominantly by men (i.e. involving large sums of money or technological equipment).
- Finance from investors usually goes to support large projects that are expected to make a large profit quickly (i.e. typically IT and technology projects) and only very few projects are supported.

Policy issue: Social and cultural issues relating to access to finance

Consistent with the broad research literature, recent qualitative research based on expert interviews in Czechia[11] suggests that many economically active women face barriers to labour market participation due to family and care responsibilities, including time spent outside of the labour market due to childcare. In addition, gender wage gaps persist across many sectors and occupations. Therefore, many women pursue entrepreneurship due to a lack of desirable work opportunities.

Gender inequalities in entrepreneurship finance are generally over-looked and under-estimated, including by the (financial) support programme providers themselves. Existing financial measures and schemes often do not take account of gender inequalities and do not adequately consider the different needs and circumstances of women entrepreneurs. Most measures and schemes are implicitly designed for working men without family responsibilities who can devote themselves to full-time work. They also do not actively take into account that women are more risk-averse nor is any targeted outreach to women entrepreneurs undertaken. As a result, few women use the available financial instruments and the institutions and organisations offering these instruments are often surprised that women entrepreneurs are not interested in them.

Traditional financial institutions such as banks are the main providers of finance to entrepreneurs. They tend to focus on loans serving enterprises that are established, growing, highly profitable, and often technology-oriented. Women-led businesses often do not fit the profile of targeted customers since they are less experienced in entrepreneurship, on average, and often operate smaller businesses in service sectors. Therefore, financial institutions tend to view women entrepreneurs as riskier. This leaves women entrepreneurs with few options for financing their businesses as other possibilities such as microfinance are not widespread.

These attitudes in financial markets stem from wider social views towards women's labour market participation, especially women's entrepreneurship. Women's businesses are often not given sufficient priority by support providers often reflecting a concentration of women entrepreneurs in small-scale service businesses. This is a major obstacle for women entrepreneurs, who given the barriers to institutional finance, rely mainly on family finances when starting a business.

Conclusions

This note discusses some fundamental challenges faced by women entrepreneurs in accessing finance that stem from social and cultural conditions. First and foremost, there are important gender inequalities in the labour market and in care responsibilities that are not sufficiently recognised in the design and delivery of support programmes. For example, entrepreneurship financing schemes typically do not consider gender-specific needs nor the financial needs of different types of businesses. One of the main challenges is that entrepreneurship is often viewed as a "masculine" activity, and there is a high value placed on financial success and profits. Consequently, financial support programmes are often not easily accessed by women entrepreneurs. This creates a gap in the financial market for women entrepreneurs because there is little microfinance available in Czechia and little financial support for women entrepreneurs from within the household, as women are often viewed as caregivers rather than entrepreneurs.

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Note

[1] The study was based on an analysis of interviews with 18 experts (representatives of business support programmes, the financial sector, and non-profit organisations) that were conducted between 2015 and 2023 and focused on women's access to finance for entrepreneurship or more generally on gendered barriers in entrepreneurship.

15 Finland: Policy insights on financing innovative women entrepreneurs

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Background

Finland is one of the leading countries in gender equality (Ministry of Social Affairs and Health, 2024[1]). The employment rate of women and men in Finland is about the same around 90% (Tilastokeskus, 2022[2]) but women are less involved in entrepreneurship than men: slightly more than one-third of Finnish entrepreneurs are women whereas less than two-thirds are men. Although the share of women entrepreneurs is slightly higher in Finland in comparison to the European Union (EU) and has increased in the recent years, women lag behind men. Early-stage entrepreneurial activity reported in the Global Entrepreneurship Monitor indicates roughly the same ratio (0.68) between women and men in Finland (Pukkinen et al., 2023[3]).

There has been relatively little study of women's participation in innovation, although this is closely related to entrepreneurship (Agnete Alsos, Ljunggren and Hytti, 2013[4]). However, a recent study in Finland demonstrates that women are clearly under-represented in innovation as most innovators are men coming from good socio-economic backgrounds (Feng, Jaravel and Einio, 2021[5]). This could be partly due to gendered education and labour markets which are reflected in innovation activities and may prevent women from pursuing a career as an innovator and to raise finance for their innovation activities.

Policy issue: Addressing the under-representation of women in innovative entrepreneurship

Based on novel linked datasets in the United States and Finland, recent research demonstrates that innovators create products more likely to be purchased by consumers like them in terms of gender, socioeconomic status and age (Feng, Jaravel and Einio, 2021[5]). There is, thus, a clear pattern of innovator-consumer homophily and social factors, especially peer effects, affecting the direction of innovation and independent of financial incentives. Such "social pushes" and women's under-representation as innovators has also clear implications to the nature, types and volumes of innovations made as well as to economic growth and the economic equality between men and women (Feng, Jaravel and Einio, 2021[5]). The outreach of innovation becomes restricted influencing also the company performance and competitiveness. Furthermore, the under-representation of women as innovators implies that all the best competences are not used in innovation activity.

Business Finland (BF) data based on their innovation applications confirms the under-representation of women in innovation. BF is a Finnish state-owned agency aiming at creating prosperity and well-being for Finland by accelerating the sustainable growth of companies. It offers innovation funding, internationalisation services, information, guidance, and networks for different stages of business. BF data from the years 2016-22 show that about 80% of all innovation applications were submitted by men. The share of women and men has remained unchanged during the period. The acceptance rates of the applications were about the same among women and men indicating that their applications were about of the same quality. Women tended to apply more for minor instruments such as innovation vouchers with women accounting for 24% of applications and less for larger-scale instruments such as R&D finance with women accounting for 11% of applicants. Men applicants dominated in all sectors, and only in health care was the share of women applicants (45%) close to men. Women most often submitted applications for innovation projects in the field of education and training. Although BF has for years highlighted a broad-based view on innovation and emphasised the significance of service-related, design, business and social innovations in addition to technological breakthroughs, the BF data portrays a different reality. Innovations continue to be conceptualised merely as products and technology taking place in manufacturing (Agnete Alsos, Ljunggren and Hytti, 2013[4]) and there is a strong association between masculinity, science and engineering, and innovation (Marlow and Mcadam, 2012[6]).

Research has identified a need to look at innovation activity in service industries, public sector activities and in other industries with high representation of women (Nählinder, Tillmar and Wigren-Kristoferson, 2012[7]) as well as to acknowledge a variety of incremental innovation processes taking place at the grassroots level in organisations (Agnete Alsos, Ljunggren and Hytti, 2013[4]). Furthermore, it is noteworthy that women and men may have different roles in the innovation pipeline (Duberley and Cohen, 2010[8]) as innovation activity is managed by teams that include both men and women. This is something that remained invisible in the BF applications, for example, as only the applicant's gender, not the gender of the team members, was detected.

The Finnish Government set a national target of increasing Finland's Research, Development and Innovation (RDI) expenditure to 4% of GDP by 2030 (Finnish Government, 2023[9]). The target will be difficult to reach without highly-educated women engaging in innovation. More importantly, women's engagement likely makes innovations more versatile and accessible for wider markets leading to greater chances of international success. On the other hand, BF's focus on broad-based innovation with a strong emphasis on firms focusing on international growth may again reproduce a focus on manufacturing and technology as the main sectors for innovations, missing out on opportunities from other sectors where women entrepreneurs have strong roles.

While innovation policies in Finland focus on innovative projects, products and technologies, entrepreneurship policies tend to focus on entrepreneurs, their (potential) businesses and their ability to pursue growth. Finland applies a generic approach to entrepreneurship policy implying that no special target groups are explicitly addressed, and no priority is given to (potential) women entrepreneurs as innovators. Therefore, there are no targeted support measures for women entrepreneurs particularly as the mainstream programmes are accessible equally to all entrepreneurs. In general, the business environment in Finland is considered favourable and thresholds for entrepreneurship are low (Pukkinen et al., 2023[3]).

The under-representation of women in innovation is common across many countries and is further linked to women's participation, achievements and progression in science, technology, engineering, and math (STEM) fields. The under-representation of women can been explained by numerous factors at individual level (e.g. self-perceptions, stereotypes, interests), family and peer level (e.g. their beliefs and expectations, socioeconomic status), school and education level (e.g. teachers' beliefs and expectations, curricula, assessment practices), and social level (e.g. cultural norms, gender stereotypes and gender equality) (UNESCO, 2017[10]; Dos Santos et al., 2022[11]). These issues need to be tackled in order to make innovative careers more accessible for women in Finland and hence support greater innovative entrepreneurship in the country.

Conclusions

Much has been done to support women's entrepreneurship in Finland, but innovative women-led start-ups are still rare. There is a need for policies and initiatives to promote opportunities for women from different socio-economic backgrounds to pursue the career of an innovator and entrepreneur. Such policies have potential to lead to a more diverse set of new goods and services as well as to increase growth. Areas where policy actions could be taken include increasing the focus on service-related, design, business and social innovations in innovation support, identifying women team members and co-applicants for innovation projects to increase their visibility, and encouraging women to ambitiously apply for finance for their innovation projects while challenging financiers to recognise the potential of women in innovation projects.

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16 France: Policy insights on women entrepreneurs in tech

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Background

Closing the gender gap in entrepreneurship has been a priority issue in France in recent years, notably in the science and technology sectors. Significant progress has been made in closing the gender gap ─ about 43% between 2018 and 2023 (Bpifrance, 2023[1]). Yet, women remain under-represented in entrepreneurship in France. In 2024, women represented only 33% of entrepreneurs and only 23% of business created were founded exclusively by women (infogreffe, 2024[2]). These gaps are greater in the science and technology sectors ─ less than 10% of start-ups created in 2021 were solely founded by women, while 16% were founded by mixed gender teams (BCG and SISTA, 2022[3]).

Gender differences in growth ambitions, sectors of operation and innovation rates are due to a variety of factors including gender stereotypes and cultural attitudes around women in entrepreneurship, differences in entrepreneurial motivations and ambitions as well as real and perceived skills gaps (OECD, 2023[4]). Negative gender stereotypes around women in entrepreneurship and women in tech remain prevalent in France, often starting at a young age. More than three-quarters of high-school students reported that tech careers were considered a masculine profession, among whom 33% stated that they believed women would face difficulties in finding their place within the sector (EPITECH and Ipsos, 2021[5]). There is also a noticeable gender gap in perceived skill levels among French high-school students. Only 43% of girls report that they believe they meet the requirements to attend a computer science or engineering school relative to 78% of boys (EPITECH and Ipsos, 2021[5]). While 56% of high-school girls report being interested in pursuing degrees in computer science and digital technology, only 37% plan to attend a computer science or engineering school compared to 66% of boys (EPITECH and Ipsos, 2021[5]). These negative social attitudes can discourage girls and women from pursuing careers in these fields. For example, only 24% of digital jobs in France are held by women and just a quarter of active engineers are women (Grande École du Numérique and République Française, 2024[6]). The small share of women active in these fields means there is a limited pipeline of women entrepreneurs, investors and mentors who can help to foster and promote entrepreneurship, notably in the tech sector, for the next generation of women entrepreneurs.

Women entrepreneurs tend to face greater barriers than men in accessing finance, particularly among growth-oriented women entrepreneurs, which can be due to gender biases in lending practices and investor preferences (OECD/European Commission, 2023[7]). While access to finance remains a challenge for all women entrepreneurs, it poses a particularly important barrier for high-growth oriented tech women. In 2021, women-founded tech start-ups received about 1% of total funds raised compared to 88% of men-founded start-ups (BCG and SISTA, 2022[3]). Moreover, when tech women entrepreneurs receive investments, they often receive smaller investments relative to those founded only by men. On average, tech start-ups with women-only founders received, on average, EUR 4 million compared to EUR 17 million by men-only founding teams in 2022 (SISTA, 2023[8]). The gender gap is even more significant as the size of the investment increases. For example, only two women-founded start-ups received more than EUR 50 million compared to 215 men-only teams in 2022 (SISTA, 2023[8]).

Policy issue: Financing women entrepreneurs in tech

The French Government has implemented many policies and programmes designed to address the gender gap in entrepreneurship and foster a more gender-inclusive pipeline of women entrepreneurs, including the plan *Toutes et Tous Egaux* (2023). The plan aims to foster more equality in entrepreneurship and the labour market more broadly. The Directorate General for Enterprises (DGE) within the Ministry of Economy, Finance and Industrial and Digital Sovereignty is responsible for following the implementation of the policy measures on women's entrepreneurship in the plan, which include an annual barometer on women's entrepreneurship, dedicated awareness raising campaigns, financial and non-financial support for women entrepreneurs, and actions to promote gender parity in the start-up ecosystem. Additionally, the Ministry for Gender Equality and Bpifrance (national public investment bank) have a master agreement to promote and improve women's entrepreneurship support for the period 2021-24, particularly through increasing access to finance for women entrepreneurs. This agreement has been co-signed by BNP Paribas and Caisses d'Epargne (two private banks). The agreement also includes measures to address issues on the supply-side of the financial markets by addressing gender bias and stereotypes in lending institutions. Additionally, the *Banque de France* (Bank of France) has expanded entrepreneurship support for women entrepreneurs, notably the EducFi programme, in addition to measures related to developing banking and financial skills among women entrepreneurs. This includes resources and tools that are designed to develop women's banking and financial skills as well as to prepare women entrepreneurs to pitch their entrepreneurial projects to investors.

A key actor in fostering high-growth oriented start-ups and bolstering tech entrepreneurship in the French entrepreneurial ecosystem is *La French Tech*, which was founded in 2013. *La French Tech* is a public entity attached to DGE that seeks to support the overall development of the French tech ecosystem, foster innovation among tech start-ups, and encourage inclusive growth. *La French Tech* ecosystem is co-ordinated at the national level by "*La French Tech Mission*", which is responsible for supporting the overall structure and growth of the French start-up ecosystem domestically and internationally. This includes the implementation of entrepreneurship policies and programmes. National policies and programmes that support innovation and start-up development are adapted to the local context and delivered through a network of 114 "French Tech" labelled regional and local support structures (La French Tech, 2024[9]). This includes 17 Capitals which act as relays of the *French Tech Mission* in France, meaning they are responsible for developing the technological and digital ecosystem of their region as well as delivering support programmes developed by *La French Tech Mission*. The national and regional efforts are supported by French Tech communities ─ 31 Communities in France and 66 International Communities across 52 countries. These communities are supported by local ecosystem actors, including entrepreneurs, investors, innovators and other stakeholders in the tech and entrepreneurial ecosystems. They help to promote *La French Tech* in their area and support the implementation of programmes (e.g. start-up support, incubation and acceleration, support accessing financing) and actions organised through the Capitals. French Tech entrepreneurs also receive opportunities through partner organisations of *La French Tech* (e.g. French Digital Ecosystem, Bpifrance).

To bolster women's entrepreneurship in the tech sector, *La French Tech* launched the Parity Pact in 2022 that outlined the following concrete actions to close the gender gap in entrepreneurship (SISTA, 2023[8]):

- Improve the representation of women on boards by achieving progressive targets – 20% of the board being women by 2025 and 40% by 2028;

- Develop and deliver gender diversity training for French Tech start-up managers to address gender discrimination and harassment;
- Ensure that 100% of job descriptions published by French Tech start-ups are gender neutral (i.e. intended for either women or men candidates);
- Establish a team of equal gender representation who will speak on behalf of the company both internally and externally; and
- Set up specific support for employees of start-ups returning from parental leave.

While the Parity Pact encourages gender parity in business practices and leadership positions among French Tech start-ups, it does not directly address wider gender disparities in the French entrepreneurial ecosystem or in access to finance. For example, less than 10% of French Tech start-ups are founded by women and only 18% of management positions of start-ups are held by women (SISTA, 2023[8]). *La French Tech* has significant capacity to support women tech entrepreneurs in starting and scaling their businesses. To address barriers to entrepreneurship for women, *La French Tech* could adapt its programming to include tailored and/or dedicated measures for women-led start-ups at the national level. One approach would be to include specific measures in the Parity Pact about investment towards women tech entrepreneurs. Another approach could be to adapt and expand existing programmes to be more gender inclusive. For example, the French Tech Rise programme aims to support entrepreneurs, particularly from under-represented regions to access start-up financing by gaining visibility among investors through tailored pitching events, but it does not target gender disparities in start-up funding. The programme could be expanded to include gender-specific initiatives, such as dedicated investment rounds or mentoring for women-led start-ups.

Conclusions

France's tech entrepreneurial ecosystem has grown significantly over the last decade and has become one of the most innovative ecosystems globally due in large part to *La French Tech*. While public policies and programmes have helped start-ups from under-served regions in France, women remain significantly under-represented among start-up founders, particularly in access to venture capital and other high-growth funding opportunities.

Recent policy efforts to promote and support women's entrepreneurship, including their ability to access funding, hold potential in addressing long-standing barriers in financing of women entrepreneurs through traditional lending institutions. However, these initiatives do not necessarily address the specific needs or barriers faced by high-growth women entrepreneurs, notably tech entrepreneurs. More targeted efforts would help to address the funding gap among high-growth, innovative entrepreneurs. Tailored policies and programmes could boost the participation of women entrepreneurs in existing support programmes and ensure women entrepreneurs have better access to capital and resources. This implies entrepreneurship policies and programmes that move beyond generalised support and take on a more explicit focus on supporting women. Relevant actions could include addressing negative gender stereotypes concerning women's participation in STEM fields and entrepreneurship by showcasing diverse entrepreneurial role models (particularly high-growth and tech women entrepreneurs), dedicated outreach programmes, mentoring, networking opportunities and programmes that aim to address gender biases among teachers, trainers and lenders in banking institutions. More support could also be given to funding opportunities for high-growth women founders, particularly in the venture capital sector and monitoring and adapting key public policy initiatives for growth-oriented entrepreneurship to increase their support for women entrepreneurs.

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17 India: Policy insights on financial literacy

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Background

Despite many well-known success stories, India has only around 13.5–15.7 million women-owned businesses, comprising only 20% of all businesses (Priya, 2023[1]). Although gender-specific statistics are not available, over 90% of India's start-ups fail within the first year (Marshall et al., 2016[2]) with the dearth of capital cited as one of the key causes (Goswami, Murti and Dwivedi, 2023[3]). This raises a significant concern as to identifying the missing elements in the policy environment. This policy insight note examines the challenges associated with overlooking the crucial role of financial literacy in allocating grants and loans to women entrepreneurs.

General financial literacy rates in India remain low. As of 2021, there were 646 million women in India, of whom only 24% were financially literate (ADB, 2022[4]). Despite the low financial literacy among women, women-owned small- and medium-enterprises have accessed around 430 crores (USD 51 million), accounting for 24% of disbursed loans (Deshpande, 2023[5]). Financially illiterate entrepreneurs can be significantly impaired in accessing loans, repaying debts, managing expenses, managing financial statements and managing profits. This issue is particularly pronounced when individuals enter into business out of economic necessity rather than motivated by their business skills.

Policy issue: The need to boost the financial literacy of women entrepreneurs

The Government of India provides funding to women entrepreneurs through a number of schemes, including the *Mudra* loan[1] where beneficiaries receive a maximum of 10 lakhs (approximately USD 1 100) (Bank of Baroda, n.d.[6]) and *Mahila*[2] *Samriddhi Yojana*, which is a microfinance loan for scheduled caste[3] women with a loan provision maximum of Rs. 1.4 (approximately USD 1 676) (National Scheduled Castes Finance and Development Corporation, 2024[7]). In addition, *Mahila Coir Yojana* is a self-employment programme that provides incentives for rural women artisans to purchase pieces of machinery that produce coir fibre.[4] While government assistance seeks to support women businesses, a substantial portion of women are recorded as having lower financial literacy (Saluja, 2023[8]). This raises an important question regarding the extent to which financial literacy influences business survival.

In addition, low rates of financial literacy and high poverty are prevalent among women in rural areas. According to a recent Ministry of Micro, Small and Medium Enterprises annual report, rural areas have a slightly greater share of women-owned enterprises (22%) than urban areas (18%) (MicroSave Consulting, 2022[9]). The lower level of financial literacy makes women vulnerable to predatory lenders (loan sharks), resulting in incurring significantly higher interest rates (ADB, 2022[4]). There is evidence to show the increase in business performance among financially literate individuals (Mathew, 2019[10]; Anshika, Singla and Mallik, 2021[11]). This highlights the important role of financial literacy in obtaining government loans or grants for business purposes.

Despite the significant impact of financial literacy on women's economic well-being and business performance, there is insufficient discussion on how financial literacy affects loan repayment and whether financial literacy enhances successful utilisation of government business grants. In the Entrepreneurship Policy 2015 (Government of India, 2015[12]), financial literacy was only mentioned once within the context of employability skills. However, financial literacy is particularly pertinent for the self-employed. In recent years, government is recognising the importance of financial inclusion among all women across India (Kumar, 2023[13]). Financial inclusion ensures that the poorest population in India has access to formal financial services. Financial inclusion does not negate the importance of financial literacy because it is crucial to making informed and effective decisions about the use of financial services. Low financial literacy can be a catalyst for business closure. Instead of treating financial education separately, it should occupy a significant portion of the entrepreneurship policy.

Recently, the Indian government developed the Compulsory Teaching of Financial Education Act, 2022 (Government of India, 2022[14]). However, the act focuses on the general population rather than businesses. Although incorporating financial education in the legislation is a positive step forward, further steps would help spread its benefits to businesses and reach out to the current cohort of women in poverty and women with low financial literacy among the adult population.

Conclusions

Low financial literacy rates among women-owned businesses in India are a barrier to access to finance and to business success. The government operates a number of measures to address finance constraints for women entrepreneurs, including through grants and loans for marginalised women business owners in rural areas. However, financial illiteracy is still prevalent in rural regions and across much of the population, which can reduce the ability of women entrepreneurs to access supports and make use of them effectively. Alongside initiatives to improve employment skills, boosted government programmes could aim to improve financial literacy rates for women entrepreneurs through workshops and mentorship as a provision for accessing government loans and grants.

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Notes

[1] Mudra loan is Pradhan Mantri MUDRA Yojana implemented by the Prime Minister. Individuals who are involved in non-corporate or non-farm small- or micro-businesses could get a loan up to Rs 10 lakhs (approximately USD 1 100). 69% of the loan was disbursed to women, which amounts to Rs. 30.64 crores (approximately USD 3 million) (Financial Express, 2024[15]).

[2] Mahila means women in Hindi.

[3] There are over 3 000 castes and 25 000 sub-castes in India (BBC, 2019[16]). The caste system bestowed privileges to some and repression of lower castes, so to eradicate the social discrimination government of India in 1950s implemented quotas in government jobs, educational institutional, grants and loans for sections of the population that is socially discriminated one such community is the Scheduled Caste. The members of the Scheduled Caste are also known as the Dalit. Schedule Caste is one of the disadvantaged social groups in India, so government provide targeted financial assistance. The list of castes included in the Scheduled Castes classification can found in the Department of Social Justice and Empowerment (Department of Social Justice and Empowerment, n.d.[17]).

[4] Coir fibre - Natural fibre extracted from the coconut husk.

18 Iran: Policy insights on how culture influences access to finance

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Background

As of 2022, approximately 15% of Iranian women actively engaged in entrepreneurial activities (involvement in starting or running a new venture), compared to 25% of men (World Bank, 2022[1]). Despite significant challenges, women's entrepreneurship has made notable strides in terms of both the number of businesses started by women as well as their performance. Women entrepreneurs are increasing active in emerging fields such as IT and fintech as well as in more established manufacturing and services industries with significant regional and international impact (Guttman, 2015[2]; Bahramitash and Esfahani, 2014[3]).

The entrepreneurial landscape for women is shaped by both historical precedents and contemporary developments. Historically, women played prominent roles in commerce, managing estates and contributing to economic activities. However, societal shifts, particularly following the 1979 Islamic Revolution, led to a perception of a woman's role primarily revolving around familial duties (Simarasl et al., 2022[4]). Despite these challenges, the expansion of higher education opportunities and the proliferation of online platforms have empowered Iranian women to overcome some barriers and actively participate in shaping the entrepreneurial landscape (World Economic Forum, 2024[5]; Bouzari et al., 2021[6]).

Policy Issue: Social attitudes and the funding landscape for female entrepreneurs

In Iran, as in many emerging economies, the business and funding domains are predominantly shaped by the public and a male-dominated private sectors. This dual structure poses significant challenges for women entrepreneurs seeking to access funding to address their business needs (Vice Presidency for Women and Family Affairs, 2018[7]). Consequently, women find themselves constrained to mere survival rather than the opportunity to thrive in the entrepreneurial ecosystem.

Overall, there is a notable lack of financial resources for entrepreneurs in Iran. This scarcity of funding acts as a major barrier, disproportionately impacting women and preventing them from initiating and sustaining their businesses effectively (Sarfaraz and Faghih, 2011[8]). Moreover, lower self-confidence and fear of failure can discourage them from pursuing external financial resources (Fam, 2022[9]). In addition, women's lack of access to collateral assets, high interest rates, and financial institutions' low trust in women's ability to repay their loans hamper women's ability to secure external financial resources, limiting their options for funding their ventures (Sarfaraz and Faghih, 2011[8]; Simarasl et al., 2022[4]).

However, there is relatively little institutional support from non-governmental organisations (NGOs) and other support providers to address the specific needs of women-owned businesses in access to funding and resources (Simarasl et al., 2024[10]). According to the Global Gender Gap Index (2024), Iran ranks 143rd among 146 countries in terms of gender equality indicators, reflecting the need for greater policy attention to address systemic barriers faced by women entrepreneurs (World Economic Forum, 2024[5]).

Moreover, there is little support infrastructure for entrepreneurship and a low presence of international investors. The limited availability of programmes aimed at fostering entrepreneurship among women contributes to a constrained entrepreneurial ecosystem, hindering the growth and success of women-owned businesses. Initiatives such as the Women Entrepreneurship Support Programmes (WESP) launched by the Ministry of Cooperatives, Labour and Social Welfare aim to provide training and support to women entrepreneurs, but more comprehensive efforts are needed to address the cultural, legal, financial, and societal challenges faced by women in accessing business funding in Iran.

Conclusions

Addressing the barriers women face to accessing business funding is essential for fostering a thriving entrepreneurial environment in Iran. Despite the challenges faced by women entrepreneurs, there is a growing recognition of the pivotal role women play in driving economic growth and innovation. As the country seeks to harness the potential of its female workforce, policy makers can do more to prioritise targeted interventions to support and empower women entrepreneurs. Potential avenues for policy development including fostering more collaboration among top women managers through the growth of relevant networks, providing support to aspiring women entrepreneurs in knowledge intensive sectors in universities and facilitating crowdfunding and micro-funding platforms.

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19 Ireland: Policy insights on early-stage finance

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Background

Ireland is recognised for its "pro-enterprise policy framework" (DETE, 2022[1]) and as such, benefits from a vibrant entrepreneurial ecosystem that supports entrepreneurship activity across the new venture creation process (EntrepreneursData.com, 2024[2]). In 2021, Ireland was the fastest growing economy in the European Union (EU) and continues to be seen by many as a "dynamic hub for start-ups" (Economic Times, 2022[3]). A high graduate employment rate of 83% (Higher Education Authority, 2023[4]), a relatively low unemployment rate of 4.8% in 2023 (OECD, 2023[5]), a growth projection of 3.6% predicted for 2025 (European Commission, 2024[6]), and a unique post-Brexit positioning[1] have made Ireland an attractive strategic choice for both Foreign Direct Investment (FDI) and domestic business development.

Ireland is estimated to be home to 260 000 small- and medium-sized businesses (SMEs), the majority of which are micro-enterprises employing less than ten employees (EntrepreneursData.com, 2024[2]). Reflecting global trends, most of these businesses are led by men (GEM, 2022[7]). However, early-stage women's entrepreneurship has been consistently rising in Ireland, increasing from about 8% in 2018 to 11% in 2021 (GEM, 2022[7]). As a result, Ireland currently has the third-highest rate for early-stage women entrepreneurs across European countries with some 1 400 women reported to be starting a new business every month (TechCentral.ie, 2022[8]). Women's businesses in Ireland are spread across a variety of sectors but are mainly concentrated in services, healthcare, retail and hospitality (OECD/European Commission, 2023[9]).

Until recently, Ireland had no dedicated women's entrepreneurship policy (DJEI, 2014[10]; OECD, 2021[11]). Enterprise Ireland's "Action Plan for Women in Business" (Enterprise Ireland, 2020[12]) was a welcome and significant change to Ireland's entrepreneurship policy landscape. This was the first time that a national government agency in Ireland had developed a strategy focusing exclusively on women's entrepreneurship. The Plan acknowledged the multiple factors contributing to women's under-representation in entrepreneurship and outlined four key objectives with 24 policy actions designed to increase the number of women-led established companies growing internationally, women in middle and senior management roles, aspiring women entrepreneurs, and women-led high-potential start-ups (HPSUs). The Plan has yielded positive results within the HPSU sector with Enterprise Ireland reporting that 27% of the 161 start-ups they had invested in are women-led, up from just 8% in 2012 (Enterprise Ireland, 2020[12]). However, women entrepreneurs in the non-HPSU sector in Ireland still appear to struggle to access start-up and early-stage finance.

Policy issue: Women entrepreneurs struggle to access start-up and early-stage finance

Access to finance continues to be a major challenge for women entrepreneurs globally (OECD, 2021[11]; OECD/European Commission, 2023[9]; OECD, 2023[5]), including in Ireland. Reasons cited include women's lower self-confidence in their financial skills compared to men, persistent gender stereotypes and social norms, and women's limited time availability given their family responsibilities (OECD, 2023[5]). In Ireland, while several sources of entrepreneurial finance are available, many women entrepreneurs appear to be limited by the amount of money on offer or by strict eligibility criteria as many funds require guarantees, collateral or matching funding that most women are unable to provide. Many Irish funding sources focus on sectors in which women either do not predominate or are significantly under-represented (Killeen, 2022[13]; OECD, 2021[11]; Henry, 2024[14]).

Access to start-up and early-stage entrepreneurial finance has been especially problematic for Irish women entrepreneurs. This may be due, in part, to a shortage of appropriate funding sources and a continued prioritisation of high-growth, high-tech and export-oriented new venture creation. Another challenge is that Ireland has a fragmented entrepreneurship policy landscape in which policies are often dispersed across multiple government units and reports (OECD, 2016[15]; OECD, 2019[16]). While these issues are not exclusive to Ireland, they are not conducive to the strategic promotion, support and sustainability of women's entrepreneurship.

A recent study (Ogunjemilusi, forthcoming[17]) used screening questionnaires and interviews to explore the financial strategies, funding experiences and perceived funding barriers of 43 women entrepreneurs at the start-up and early-stage of business development. Findings revealed that 99% of the women entrepreneurs started off by self-funding and bootstrapping their ventures, with many attempting to access external finance thereafter through a range of sources including their Local Enterprise Office (LEO), Enterprise Ireland, banks, credit unions, Microfinance Ireland or investment funds. Many of the women described their funding experience as "difficult" and "challenging." Some women perceived gender bias in the funding application process such as funders' stereotypical (male) view of entrepreneurship and their lack of understanding of women entrepreneurs' unique businesses as well as the different challenges they encounter. In some cases, there was a sense that the lengthy and overly complex funding application process was disproportionate to the level of funding being offered. Some of the women entrepreneurs also acknowledged their own lack of understanding of the funding landscape.

Most importantly, the study highlighted a specific gap in finance provision for those women entrepreneurs who fall between the category of micro-small business (i.e. the type of business typically supported by Ireland's LEOs) and high potential start-up (i.e. the type typically supported by the national enterprise agency, Enterprise Ireland). Findings revealed that, in some cases, the women entrepreneurs did not meet the funding eligibility criteria for either LEO or Enterprise Ireland. For example, their businesses were either considered too big for LEO or too small, not exportable or not sufficiently growth oriented for Enterprise Ireland, leaving the women unable to secure funding from either source.

Additional funding barriers identified by the women entrepreneurs in the study included a lack of clarity in the information provided in funding materials, not being in a position to provide the required matching funding, their business being too small for financial support, or not being export, manufacturing or growth oriented. However, there was clear consensus among the women interviewees that women-dedicated entrepreneurial networking initiatives, women-specific entrepreneurship training programmes and support programmes tied to funding provision were invaluable (e.g. New Frontiers). Unfortunately, with specific regard to the latter, not all start-up and early-stage funding in Ireland is packaged in this manner and currently, there is no state fund dedicated to women entrepreneurs.[2]

Conclusions

Start-up and early-stage women entrepreneurs in Ireland continue to face challenges in accessing financial capital. Several opportunities emerge for policy makers to enhance the funding landscape to account for the different challenges women entrepreneurs have to overcome in their entrepreneurial journey and the different types of businesses they develop as a result. These opportunities relate to bridging the perceived funding gap, offering more support for the sectors where women are more likely to start a business, organising awareness-raising funding sessions, and continuing to provide structured networking opportunities and entrepreneurship training programmes with embedded funding opportunities. A number of potential directions for policy development can be suggested, including creating a new women-only entrepreneurship funding scheme with mentoring and funding to encourage women entrepreneurs to transition from micro-enterprise to larger businesses, making funding support available to sectors in which women currently predominate (e.g. services, healthcare, retail, education) rather than restricting entrepreneurship funding to high tech, high growth, export oriented businesses, and offering financial mentoring, such as via pre-application workshops for public support and constructive and timely feedback to unsuccessful applications, for example showing them how to enhance their application for a subsequent funding round.

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Notes

[1] Brexit, because of the United Kingdom’s decision to leave the European Union (EU), has positioned Ireland as the most westerly, English speaking EU country, making it an ideal location for European companies seeking to export to the United States, and US-based companies seeking a gateway to Europe.

[2] Previously, one of Enterprise Ireland’s “Competitive Start Funds” was dedicated to women entrepreneurs. This initiative was discontinued in 2022 and replaced with the Pre-Seed Start Fund (PSSF) launched in 2022 which is not a gender specific fund.

20 Italy: Policy insights on financing innovative women entrepreneurs

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Background

Innovation, as a pivotal driver of economic growth, is closely intertwined with entrepreneurship and the advancement of innovative firms. In Italy, women-led innovative start-ups comprise about 13% of all government-certified innovative start-ups in 2022, numbering approximately 1 900 out of 14 300 (MIMIT, 2023[1]). This represents an increase of 46% since 2018. However, the overall number of women entrepreneurs working in innovation-related fields remains limited, negatively impacting the number and visibility of women acting as mentors and role models for younger women.

The paucity of Italian innovative women-led start-ups can be ascribed to various factors. A first significant issue is related to education and, in particular, to the lower number of Italian women graduating in science, technology, engineering and mathematics (STEM) fields compared to men – 28 706 women relative to 45 102 men – a disparity that has persisted over the last decade (Italian National Agency for the Evaluation of Universities and Research Institutes, 2023[2]).

A second major obstacle lies in the relationship between women entrepreneurs and the financial system (OECD, 2021[3]). This relationship typically plays a pivotal role in shaping entrepreneurial intentions as well as entrepreneurial outcomes. In the case of Italy, according to the IV Report on Female Entrepreneurship, 46% of women entrepreneurs mention personal or family funds as their primary sources of financing, only 20% declaring that they rely heavily on financing from credit institutions (Unioncamere-SiCamera, 2020[4]). Women entrepreneurs are more likely to avoid seeking funding from financial institutions, primarily due to an expectation of rejection. Additionally, among those who have requested credit, a higher percentage of women entrepreneurs report that the credit provided was inadequate or the request was denied (8% of young women entrepreneurs relative to 4% of young men entrepreneurs). Also, women entrepreneurs report more frequently than men entrepreneurs being asked for third-party guarantees for credit approval (54% of young women entrepreneurs relative to 39% of young men entrepreneurs) (Unioncamere-SiCamera, 2020[4]).

In addition, the functioning of the venture capital system with respect to women entrepreneurs cannot be overlooked. As declared by the Governor of the Bank of Italy on 31st May 2024, “In Italy, venture capital activity is under-developed, with an annual investment flow of between EUR 0.5 billion and EUR 1.5 billion in the period 2021-23, which is five times lower than in Germany and France. National operators are also few and small in size.” Additionally, there is a notable lack of women among partners in venture capital firms and a limited number of investment funds directed or managed by women in Europe (Atomico, 2023[5]). These data are important to consider when analysing the issue of financing of innovative women-led firms, as the likelihood that a venture capital firm will invest in women-led businesses is three times higher when it has at least a woman among its partners (European Investment Bank, 2022[6]).

Addressing these challenges and barriers is therefore crucial for creating a more inclusive and supportive entrepreneurial environment in Italy, where women entrepreneurs can thrive and contribute fully to innovation and economic growth (Mari and Poggesi, 2024[7]).

Policy issue: Financing female-led innovative start-ups

Due to the contribution innovative start-ups can make to the socio-economic growth of the country and the challenges women face, the Italian government has identified several support mechanisms to support both women- and men-led innovative firms at the national level. These include financial instruments directed to supporting the founding and growth of innovative start-ups, financial instruments aimed at supporting access to credit and access to capital, support mechanisms for the internationalisation process, and regulatory sandboxes (MIMIT, 2023[1]).

These include the Smart and Start Italy initiative which is the main financing programme dedicated to innovative start-ups with a budget of EUR 200 million. It supports the creation and growth of innovative start-ups, financing projects ranging from EUR 100 000 to 1.5 million and start-ups not older than 60 months. This instrument offers interest-free loans covering up to 80% of the total investment. The loan coverage rate rises to 90% for start-ups composed exclusively of women or young people under the age of 35 or by at least one Italian PhD who is working abroad and intends to return to Italy. It also offers a non-repayable grant amounting to 30% of the loan only for start-ups based in specific regions (e.g. Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna e Sicilia). Start-ups established for less than one year can use the technical and management support services in the start-up phase. To support innovative women entrepreneurs, the programme has specifically reserved EUR 100 million from the National Recovery and Resilience Plan (PNRR) for women-led start-ups. However, an Interministerial Decree on October 3, 2023, redirected EUR 90 million (out of the EUR 100 million allocated) from the Smart and Start Italy measure to the Women's Enterprise Fund, which now has EUR 250 million in PNRR funding. This decision was based on the analysis of the applications received from women for the Smart and Start Italy measure.

Alongside these national initiatives, the numerous activities taking place at the regional level cannot be overlooked, including those led by PNICube – the National Network of Universities, Academic Incubators, and Regional Business Plan Competitions – with the National Prize for Innovation as its flagship initiative. This Prize represents the final stage of the Business Plan Competitions organized at the regional level. Promoted by the Conference of Italian University Rectors (CRUI), PNICube was established in 2004 with the mission of entrepreneurial valorisation of scientific research. It currently includes most Italian public universities (81%) and involves 18 out 20 Italian regions through regional business plan competitions known as Start Cups. Between 2016 and 2022, the total prize money awarded to the best innovative research-based start-up projects amounted to over EUR 10 million, including EUR 3.5 million in cash and approximately EUR 7 million in services. It is noteworthy that the percentage of women participating in the PNI increased from 22% in 2016 to 30% in 2022. Moreover, according to the Scientific Observatory of PNICube (Rapporto PNICube, 2024[8]), from 2020 to 2022, nearly 20% of innovative start-ups resulting from PNI projects were led by women, a percentage higher than the national average. This demonstrates that these initiatives can significantly stimulate women towards innovative entrepreneurial paths. These results are also due to dedicated outreach targeted at women entrepreneurs, including special awards granted in collaboration with institutions and organisations committed to promoting women's entrepreneurship and innovation, such as the Italian Department for Equal Opportunities (Paniccia, Baiocco and Scafarto, 2025[9]).

In 2023, PNICube signed a partnership with Invitalia, the National Agency for Inward Investment and Economic Development, which is owned by the Italian Ministry of Economy. This collaboration aims to enhance the processes of technology transfer and the utilisation of the Italian research system's outcomes. It also seeks to promote opportunities provided by incentives designed to foster the emergence and growth of innovative firms, particularly start-ups led by women. To support this goal, in-kind and monetary awards have been established for the best innovative start-up projects led by women. Specifically, monetary awards are part of the "Female Entrepreneurship" programme, managed by Invitalia on behalf of the Ministry of Enterprise and Made in Italy, which aims to spread entrepreneurial culture among women and increase their presence in the business world. These awards are financed through PNRR resources (Mission 5.C1 Investment 1.2: "Women's Enterprise Creation").

Conclusions

Strengthening public investment explicitly oriented towards women-led innovative start-ups will help more of these businesses succeed. In addition, innovative start-ups need more supportive tech ecosystems, particularly for women tech entrepreneurs, including the right economic, social, legal, and cultural conditions. Potential areas for action include fostering public-private partnerships to spread entrepreneurial culture among women, encouraging investors' meet-ups, pitch events, and mentorship programmes specifically targeted for women-led start-ups, encouraging increased presence of women on venture capital funds and angel networks and building mentorship programmes, networking opportunities, and access to business resources tailored to the needs of women entrepreneurs.

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21 Kazakhstan: Policy insights on regional policy actions

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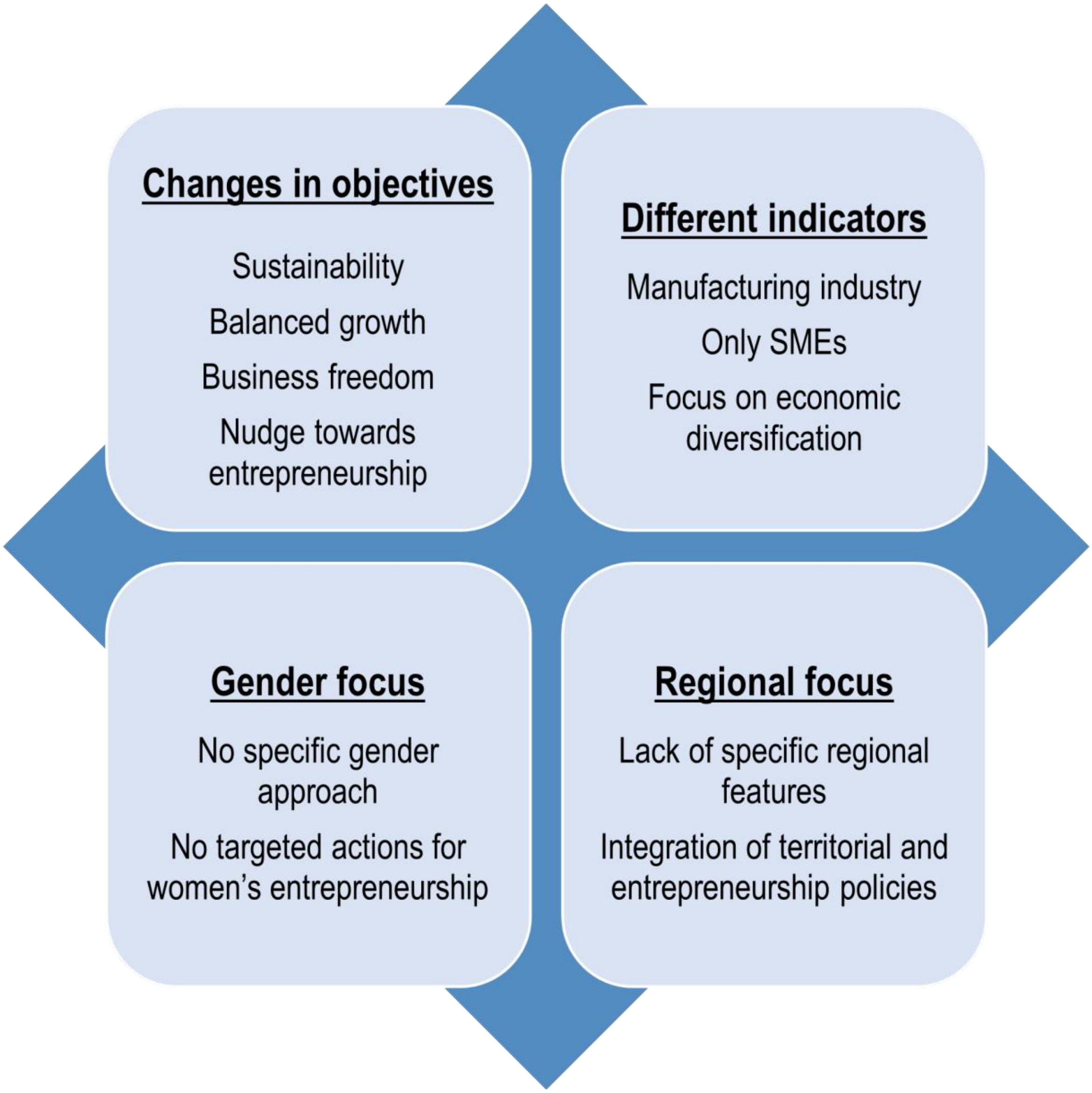
Background

Since its independence in 1991, Kazakhstan has embraced entrepreneurship for economic diversification from fossil fuel profits, as demonstrated by its strategic initiatives "Kazakhstan – 2050" and "Kazakhstan – 2025" (Akorda, 2023[1]). Women constitute about 44% of small- and medium-sized enterprise (SME) owners in Kazakhstan in 2022, marking an 11% increase from 2018. Additionally, women-led businesses represent 40% of the country's GDP (Bureau of National Statistics of Kazakhstan, 2022[2]).

Although the government's strategies aim to foster an inclusive business atmosphere, they take a gender-blind approach to entrepreneurship policy (Kazakhstan, 2015[3]). Within this context, there has been a significant shift in entrepreneurship policy (Figure 21.1), with the transition from "Business Road Maps BRM-2020" to "Concept-2030" involving a pivot from prioritising sustainable growth to advocating entrepreneurial freedom and a shift from the manufacturing sector towards increasing the number of SMEs (Dodaro, 2023[4]; OECD, 2017[5]). This transition could stem from the move away from a growth model reliant on fossil fuels to one emphasising economic diversification. However, it appears that this shift toward a market-driven strategy overlooks specific gender-related concerns, resulting in a lack of support for women's entrepreneurship endeavours, which limits development and growth. Despite intentions to promote entrepreneurship in general, such policies may fail to adequately tackle the unique obstacles faced by women entrepreneurs. Additionally, at the policy implementation level, the territorial governance policy fails to synchronise with regional entrepreneurship policies, even though a shift toward urban entrepreneurialism could potentially bolster regional capabilities (OECD, 2017[5]). This underscores the need for a gender-sensitive lens in policy formulation and implementation.

Figure 21.1. Summary of comparative analysis of Kazakhstan's entrepreneurship policy



Policy issue: Empowering women entrepreneurs – a regional government perspective

A range of central government initiatives aim at supporting women entrepreneurs, including state subsidy quota systems and reformed loan conditions to improve access to capital (Bertay, Dordevic and Sever, 2020[6]). Such measures promote financial inclusion for women entrepreneurs, addressing sector-specific challenges through transparent conditions for grants or subsidies (Nalyvaiko and Hrytsai, 2021[7]; Olsson and Bernhard, 2020[8]; Petrovich, 2020[9]). In addition, measures are being taken to integrate financial literacy and entrepreneurship education into school curricula, with the aim of cultivating an entrepreneurial mindset, which is particularly important in countries like Kazakhstan, with a need to reduce economic dependence on exploitation of natural resources.

Regional governments, in alignment with central government efforts, can help adapt these policies to local contexts, offering tailored credit and loan options to support women entrepreneurs (ADB, 2019[10]). Such strategic collaboration between central and regional authorities is essential for overcoming financial barriers and creating an ecosystem where women's contributions can drive economic growth, underscoring the importance of co-ordinated efforts in advancing financial inclusion.

Regional governments play a crucial role in supporting women entrepreneurs (Brush et al., 2019[11]; Welter, 2011[12]). Women entrepreneurs typically have less access to business networks that provide essential information and connections to investors and financial institutions. These networks are crucial for securing investment and venture capital (Brush et al., 2019[11]). Providing networking opportunities forms a crucial part of this regional government-led approach, especially regarding the women's access to finance (Wang et al., 2016[13]; Lyon, Sepulveda and Syrett, 2007[14]). Moreover, technical assistance programmes, such as training and coaching, contribute to enhancing the skills and knowledge of women entrepreneurs, ultimately improving their chances of success of receiving the financial opportunities (Jing, Song and Le, 2020[15]; Levie et al., 2014[16]).

Women entrepreneurs often encounter obstacles when seeking financial support, particularly concerning loan eligibility criteria. This challenge is particularly pronounced among women operating micro- or small-businesses, such as grocery stores, sewing ateliers or beauty salons, who often struggle to fulfil these requirements. To address this issue, the introduction of quota systems within state subsidies could be a potential solution for opening more opportunities for women entrepreneurs. Furthermore, women entrepreneurs have highlighted the importance of implementing quotas in sectors where women's participation remains low, such as raw materials production. By addressing loan prerequisites, introducing quota systems, and prioritising gender-sensitive policies, an inclusive environment conducive to economic expansion and the advancement of gender equality can be cultivated.

Women also face barriers within the public procurement system (e.g. gender bias) as the evaluation criteria appears tailored for industries traditionally dominated by men. Navigating this system poses particular challenges for women in sectors where their representation is low. Limited access to networks and mentorship opportunities within the public procurement system was also noted by women entrepreneurs in interviews. Establishing connections and having mentors who understand the intricacies of the process can significantly impact their ability to secure contracts.

Conclusions

It is important for policy makers to address the barriers hindering women's access to financing and provide information about available resources and support measures in order to release the pivotal role of women entrepreneurs. This can be promoted with gender-oriented financing programmes designed to equip women with the financial resources needed to compete effectively, thereby reducing information disparities and fostering a more inclusive entrepreneurial ecosystem. Transparent and trustworthy government support programmes, with clear criteria and diligent monitoring, are essential for success and credibility. In addition, government can consider instituting quota systems for entrepreneurship funding opportunities. Moreover, education plays a transformative role in empowering future generations of women entrepreneurs. Its role can be favoured by introducing curricula focused on in-demand professional skills and financial literacy.

Nurturing women's entrepreneurship demands a holistic approach involving policy reform and improved resource accessibility, including regional government actions as well as national policies. By tailoring support to women entrepreneurs' unique needs, Kazakhstan can foster an inclusive entrepreneurial ecosystem, driving economic growth and addressing gender inequality.

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22 Malaysia: Policy insights on how culture influences access to finance

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Background

The entrepreneurial scene in Malaysia is full of opportunities as well as hurdles. Social and cultural dynamics play a crucial role in shaping the journey of women entrepreneurs. Despite a growing acknowledgement of entrepreneurship as a key engine for economic growth and societal progress (OECD, 2022[1]), women entrepreneurs face a range of obstacles that impact on their active engagement and success in business ventures (OECD, 2020[2]). These challenges go beyond the economic sphere, rooted deeply in the societal and cultural fabric, influencing women's access to essential resources, networks and opportunities needed to flourish as entrepreneurs. In Malaysia, women entrepreneurs, particularly those operating in the micro-environment, face significant barriers with the knowledge, skills and social networks needed to support their businesses (Basit, Hassan and Sethumadhavan, 2020[3]).

Since the rollout of the Sixth Malaysia Plan from 1990 to 1995 to enhance further the country's economic growth, there has been a remarkable uptick in the number of women entrepreneurs. This Plan highlighted the pivotal role women could play in eradicating poverty and fuelling economic growth. Despite women's entrepreneurial participation lagging behind men's participation (owning 79% of businesses), the 2016 Economic Census revealed a significant presence of women-owned enterprises, totalling 186 930 firms. These women-led businesses are predominantly small- to medium-enterprises in the services sector, with a smaller presence in manufacturing and even less in construction, agriculture, mining or quarrying (Hamid et al., 2020[4]).

In response to the COVID-19 pandemic, the Government of Malaysia provided support for women entrepreneurs, notably through the Women Entrepreneur Financing Programme and tailored training initiatives (The Star Online, 2023[5]). For instance, The Women Netpreneur programme aimed at empowering women entrepreneurs to harness technology, focusing on financial technology (fintech) and e-commerce (Hazim, 2021[6]). These efforts not only facilitate access to finance but also equip women with skills in business management and digital literacy, increasing their chances of success.

Policy issue: Social and cultural perspective navigating financial access

Women entrepreneurs in Malaysia are faced with very high barriers to accessing finance (Panda, 2018[7]). The societal expectations and perceptions of male and female behaviour significantly impact their ability to secure financial support or resources. Barriers to women entrepreneurs tend to be subtle, ranging from a bias in loan approval levels to elevated interest rates. This is compounded by a limited availability of entrepreneurship training aimed at the specific needs of women entrepreneurs.

Within the ASEAN countries, barriers to women entrepreneurship finance are often driven by the unconscious biases of staff and institutional policies that do not account for the specific needs and challenges of women in entrepreneurship. Such practices often lead to lending practices that favour male-owned enterprises and thus contributing to the access to finance gap between men and women entrepreneurs (OECD, 2017[8]). The biases can arise from the institutions themselves, the market, and specific traits of businesses owned by women, which are often smaller and operate in different industries compared to those owned by men (OECD, 2017[8]). In response, Malaysia has initiated a series of initiatives to promote entrepreneurial finance for women. For example, the BizWanita-i Financing Scheme (financial assistance which offers collateral-free Sharia-compliant loans) was offered to support women entrepreneurs.

While celebrated as a catalyst for economic and gender equality, women's entrepreneurship faces constraints from cultural expectations that limit access to financial and networking opportunities. Notwithstanding that family dynamics and religious interpretations further intensify these hurdles, cultural norms that prioritise family roles for women can negatively impact their entrepreneurial ambitions. Women often encounter a bias that requires them to juggle family obligations alongside their business activities (Mashapure et al., 2022[9]; Özsungur, 2019[10]; Bazkiaei et al., 2021[11]; Islam, Thambiah and Ahmed, 2021[12]). Moreover, conventional norms and gender roles often exclude women from financial decision making (Ariffin, Baqutayan and Mahdzir, 2020[13]).

Malaysia has the potential to challenge these traditional expectations and create an environment that supports women entrepreneurs by adopting gender-sensitive policies and measures. By addressing the barriers created by traditional gender roles and stereotypes, Malaysia can establish a foundation for women to flourish as financially independent business owners.

Conclusions

Improving access to finance for women entrepreneurs will require addressing multiple societal issues including gender roles in the household, perceptions in the business environment and traditional views towards women's economic participation. This can be addressed by a multi-stakeholder effort to raise awareness about the potential of entrepreneurship for women across society, showcasing successful women role models, and to make some adjustments to property rights.

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23 Mexico: Policy insights on digital financial literacy

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Background

Globally, more than 70% of women-owned small- and medium-sized enterprises (SMEs) have inadequate or no access to financial services, leading to an estimated credit gap of USD 1.4 to 1.7 trillion (IFC, 2022[1]). Without such access, women business owners face difficulties growing their firms.

Fintech holds potential for improving the access of women to finance for entrepreneurship. Recent evidence highlights the role fintech companies have had in enabling access to finance for sectors under-served by traditional banking institutions, including women-owned SMEs (OECD, 2022[2]; OECD, 2023[3]; APEC, 2022[4]; APEC, 2023[5]). However, despite the potential for addressing financing gaps, fintech also comes with the risk that gaps may be increased. One risk is that the reliance on technology in decision making by lenders and investors could reinforce financial exclusion for women business owners. Even if technology is seen as neutral, digital tools are designed and implemented by individuals (mostly men) with their own preferences (Sebastián, Khan and Vinck, 2022[6]). Thus, it is likely that algorithms are biased towards collateral, business financial history and projects with high levels of growth and profits. This puts women entrepreneurs at a disadvantage because they typically lack high-value assets, their businesses use fewer financial services, and their firms tend to be smaller, slower-growing and less profitable than their male counterparts (Malmstrom and Wincent, 2022[7]; Heng and Tok, 2022[8]).

There are currently no specific incentives for investing in fintech companies in Mexico. However, strengthened by the 2018 FinTech Law, the country has emerged as one of Latin America's most important fintech economies (AFI, 2023[9]). The 2018 FinTech Law is an overarching law combining the various activity-specific regulations into a single document. It covers both established and novel fintech services, setting the stage for open banking, electronic wallets, big data analytics, crowdfunding, cryptocurrency, e-money, robo-advisory and regulatory sandboxes. Secondary regulations have been rolled out. In 2019, Mexico's Central Bank (Banxico) established legal provisions regarding virtual assets. In 2020, Banxico published the first rules of the open banking model. There are, however, other provisions that need to be implemented, such as specific standards for financial entities to share their transactional data with third parties securely (open finance).

Mexico is an under-banked economy overall. Yet over 75% of the population has access to a mobile phone, allowing fintech to create an efficient business model based on remote digital access. Mexico's fintech market experienced about 18% compounded growth from 2019 to 2023 (Finnovista, 2024[10]). Furthermore, the country has seen a rise in digital banks, like Klar, Nu, Fondeadora, Stori and Kubo, and the ongoing nearshoring trend presents opportunities for fintech companies specialising in the export business sector (i.e. factoring and invoice lending, currency exchange, B2B collections management).

Though this may seem encouraging, most of these companies focus on those who already have access to banking services and few incorporate a specific focus on women entrepreneurs. One such company, Konfio, is a fintech player that has gained rapid popularity among women-led SMEs, which make up 28% of all SMEs in Mexico. This company offers credit and financial solutions to SMEs with limited access to financial services, and recently received a USD 10 million term loan from Citi, the Ford Foundation and the U.S. International Development Finance Corporation (Fredes, 2022[11]) to support women-owned and women-led firms.

Yet, women-owned SMEs in Mexico have not shown widespread digital finance adoption (Tost, 2021[12]). In a country where more than 81% of women own a mobile phone (INEGI, 2023[13]), only half of them have a bank account (AFI, 2023[9]). While there may be several causes for this financial exclusion, women SME owners' lack of digital financial literacy plays a part (Edelshein, Johnson and Pedroza, 2021[14]).

Policy issue: Digital financial literacy and financial exclusion

The gender gap in fintech use is due to differences in attitudes and preferences towards technology between men and women (Chen et al., 2021[15]). In Mexico, students are more likely to adopt technology during their bachelor's degree (Dweck, 2020[16]). Nonetheless, a mere 20% of Mexican women attain a bachelor's degree, which is below the OECD average (OECD, 2023[3]). Moreover, cultural norms reinforce the idea that Science, Technology, Engineering and Math (STEM) are male fields. Evidence shows that among STEM fields, women are the least represented in automotive, marine and aeronautical engineering (3%), electricity and energy generation (7%), civil engineering and construction (11%), electronics and automation (7%), and information and communication technologies (23%) (National Institute of Geography, 2023[17]). These gender gaps are important because digital financial literacy not only requires numeracy and financial understanding but also digital knowledge, which is the cognitive and technical skills to use technology (Ravikumar et al., 2022[18]). This lack of digital knowledge hampers women entrepreneurs' ability to grow their firms, given that women business owners with a higher degree of digital financial literacy are more likely to engage in formal banking channels and other financial technology services (Hasan et al., 2023[19]).

While boosting financial literacy has been a major goal in Mexico since 2011, when the government established the National Council for Financial Inclusion, few efforts have advanced digital financial literacy. Despite a sharp increase in the country's internet connectivity, digital financial exclusion for women is higher than in the average OECD country (Maravalle and González Pandiella, 2022[20]). Studies show that women SME owners have limited use of digital financial services and highlight that the lack of take-up is in part due to widespread digital financial illiteracy, a lack of trust in digital financial services, and a strong preference for cash (AFI, 2023[9]; Edelshein, Johnson and Pedroza, 2021[14]). Women entrepreneurs remarked they often gained digital financial literacy and capabilities from their family members, clients and suppliers, and that they were unsure where to get help so as to develop their digital financial skills. They also cited discomfort with using their mobile devices to manage their finances and aversion to security risks, including card cloning and lack of privacy. As financial services shift to digital channels, investment in women entrepreneurs' digital financial skills must complement traditional financial literacy education. Women entrepreneurs who lack digital financial skills are excluded from accessing affordable, alternative forms of financing, such as credit offered by fintech companies, and from seizing business opportunities that could allow them to reach scale (OECD, 2023[21]).

As an example, the involvement of women-owned SMEs' in online activities, including e-commerce, is generally limited (UN, 2023[22]). In Mexico, more than 75% of total SMEs have internet access (Valverde, 2024[23]), but only 7.3% conduct online sales through a website (INEGI, 2023[13]). From these 7.3%, less than 0.1% are women-owned firms (Castro, 2021[24]). Given that women entrepreneurs typically start their digital journeys by adopting social media and mobile payments followed by accessing digital payments before setting up online stores and/or operating on online marketplaces (Edelshein, Johnson and Pedroza, 2021[14]), digital financial literacy and access to online payment systems are essential (Aidis, Mohiuddin and Griffin, 2020[25]). Barriers for women entrepreneurs in e-commerce include limited digital financial literacy, limited access to credit and greater barriers to entry into high-value added sectors (UN, 2023[22]).

Conclusions

There is a clear gender gap in the reported use of fintech products and services in Mexico. One measure that could help address the gap would involve complementing the financial education elements already in the mandatory school curricula set by the National Ministry of Education (SEP) with new efforts on digital financial knowledge and skills. In addition, future National Policies for Financial Inclusion could prioritise financial literacy and digital financial literacy for entrepreneurs. This could be coupled with initiatives aimed at building women-owned firms' digital capabilities – for example, through incentives to adopt digital payments.

In parallel, the National Banking and Securities Commission (CNBV) and Banxico, which oversee the development of digital financial services in the country, could consider launching extensive education initiatives to encourage understanding and acceptance of digital technologies. They could also partner with fintech providers and non-for-profits to design customised financial products that meet the unique needs of women entrepreneurs as well as to develop communication campaigns that help women SME owners interact with fintech products and services. Furthermore, the CNBV and Banxico could develop specific guidelines for financial technology providers to ensure responsible disclosure and product marketing. This could be combined with monitoring of fintech providers and communicating results to the public.

Finally, government entrepreneurship policies could consider supporting women-owned SMEs seeking to access online trade by developing specific funds to train them in digital financial skills and business development. A match-funding modality, where governmental funding is matched with crowdfunding campaigns, could be adopted.

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24 New Zealand: Policy insights on equity finance

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Background

New Zealand[1] consistently ranks highly as an excellent location to start and grow a business. In the World Bank's Ease of Doing Business Index 2020,[2] the country held first position in various dimensions of the study, including starting a business, obtaining credit and registering property. According to the index, minority investor rights are also very well protected (ranked third). In addition, New Zealand is an attractive option for start-ups due to clear valuations for early-stage start-ups, good support from government agencies, social and political stability, relatively low taxes and wages, low levels of corruption, a skilled workforce and a high living quality (Editorial Staff, 2023[1]). Furthermore, the country's culture values inventive and entrepreneurial thinking – often described with the term "Number 8 wire mentality".[3] It is, therefore, unsurprising that entrepreneurial activity has been historically high in New Zealand. Women comprise about 32% of total business ownership and New Zealand is ranked overall second out of 65 economies in the 2021 Mastercard Index Women Entrepreneurs[4] in relation to entrepreneurial supporting conditions, women's advancement outcomes and knowledge assets such as education and access to finance (Mastercard, 2022[2]).

While the availability of external funding has been an issue for New Zealand entrepreneurs, start-up investment has grown substantially over the last 10 years from a total investment value of NZD 53 million in 2013 to NZD 163 million in 2023. On average, the formal New Zealand early-stage venture investment market, comprising largely of angel and venture capital, has backed between 120-140 deals a year and is starting to mature. In the first half of 2023, Deep Tech ventures accounted for 49% of deals, followed by Software as a service (SaaS) ventures at 16%. This inclination toward high-impact, long-term value reflects a broader trend that emerged in 2022. Within the sub-categories in Deep Tech, Health Tech predominates, gaining 46% of all funding, followed by Clean Tech at 22% and Agri Tech at 17% (pwc, Angel Association New Zealand and NZ Growth Capital Partners, 2023[3]). Relative to its size, a high number of angel investors and family offices and a well-developed crowdfunding community exist in New Zealand. More recently, the venture capital industry has had a significant boost with the influx of several new funds, including the launch of the government backed Elevate fund of funds.[5] Finally, a range of other governmental initiatives (e.g. the Aspire fund,[6] new incubators and accelerators) support entrepreneurial activity, policy seeks to attract overseas funding and governmental-funded venture capital co-invests alongside private investors. In sum, while the amount of accessible investment and the number of investors has been a barrier for New Zealand entrepreneurs, a range of initiatives have alleviated the issue in recent years.

Notwithstanding all these positive aspects, New Zealand's entrepreneurial environment in terms of the ecosystem lifecycle which moves through four stages, places only Auckland in the second stage, while the rest of economy is still in the first activation stage (Gauthier et al., 2022[4]). However, noteworthy is that the female founder rate had grown significantly to 26% from 16% in 2017 and was among the higher rates globally (Start-up Genome, 2023[5]). Research has shown that New Zealand entrepreneurs often struggle because the local investment community lacks the capabilities and professionalisation that is needed to add (non-financial) value to a venture (Korber, Swail and Krishanasamy, 2022[6]). Furthermore, in 2023, investors showed a very clear preference to support start-ups they have already funded, with only 25% of investments allocated to new start-ups. 75% of investment was "follow-on funding" going to ventures already in their portfolios. The notable shift in support from new deals to existing companies does speak to a change in behaviour from investors and could adversely impact the pipeline of new start-ups if the trend continues in the longer term (pwc, Angel Association New Zealand and NZ Growth Capital Partners, 2023[3]), particularly those founded by under-represented groups such as women entrepreneurs.

Policy issue: Mitigating the gender gap in equity finance

A 2021 report highlighted the challenges women entrepreneurs face in New Zealand due to entrenched stereotypes and both conscious and unconscious gender bias (Swail, 2021[7]). The report emphasised, a key challenge for women starting out on their capital raise journey was finding the "right" people to connect with to help them build their investor networks. Additionally, investor fit and value alignment were of paramount importance to most women founders, followed by a requirement for smart capital and a desire to see increased diversity within the New Zealand investment ecosystem, which was viewed as lacking by women entrepreneurs. Notably, these challenges have been partially addressed in recent years (e.g. through dedicated support for science and women-led ventures). In May 2022, the government appointed a Start-up Advisors Council to provide guidance to the Minister for Economic Development and the Minister of Research, Science, and Innovation, empowering them to foster a national environment where start-ups can flourish. This culminated in the "Upstart Nation Report 2023" detailing several key success indicators to be achieved by 2030 (Ministry of Ministry of Business, 2023[8]). One of those indicators is to:

> *"Ensure underserved groups are represented at population parity: We are committed to fostering diversity across all stages of the entrepreneurial journey, ensuring inclusivity and equal opportunities for founders, employees, and investors. We aspire to reach representative parity with our population, which means building a start-up and investor cohort that is 17% Māori, 8% Pasifika and 52% women."*

However, a 2023 snapshot report drew attention to the significant challenges ahead to reach such parity, reporting that for every 100 start-ups that the state organisation, New Zealand Capital Growth Partners (NZCGP),[7] invested in six were women founders (22 mixed-gender founders and 72 men founders) (Rudd and Gattung, 2024[9]). A similar picture was reported in the private sector where Enterprise Angels,[8] one of the largest angel investment networks in New Zealand, invested in 11 women founders for every 100 start-ups (13 mixed-gender founders and 76 men founders). These statistics highlight there is room for improvement in women's access to equity finance in New Zealand. A key issue is that New Zealand investors (across angel and VC markets) are predominantly generalists typically offering a broad network and diversified market exposure. The downside is that they often can appear risk-averse and do not have the expertise to support a start-up operating in specialist areas such as Femtech, which often results in founders seeking offshore investors. In addition, almost 50% of women entrepreneurs worldwide are involved in the wholesale/retail sector and around 20% of women entrepreneurs can be found in the health, government, education and social services sectors ((GEM) Global Entrepreneurship Monitor, 2022[10]) often with an emphasis on social and environmental impact, in additional to financial return. Such businesses do not generate the required revenue streams and "hockey stick" profit margins sought after by equity investors and despite sustainable businesses, are often overlooked.

Although New Zealand is making some headway in addressing the issue of women entrepreneurs' access to equity financing, it is apparent that government has been slow to introduce clear policy initiatives and direction to address the issue head-on. Rather, momentum has been built by influential ecosystem players who have to some extent succeeded in lobbying and applying pressure that have forced some shifts. Thus, most recently, the Government has acknowledged the need to establish data collection requirements for key policy areas including developing measures to report on key demographic details such as gender and ethnicity of investors and founders in the start-up companies that have received government-backed investment (from the Aspire and Elevate funds). This is in line with the OECD call for gender-disaggregated data collection (OECD/European Commission, 2023[11]). Second, a focus on “filling gaps” where under-representation is apparent (i.e. women founders and investors) and in addition, at what stage in the capital raising process is access to capital most critical (e.g. Seed vs Series A, B, C, etc.). While drawing attention to such under-served demographic groups is certainly a starting point, arguably the greater task is in finding such potential investment prospects to build a more diverse pipeline of both entrepreneurs and investors. One step taken by NZGCP was to support and invest into New Zealand’s first accelerator programme for women and non-binary entrepreneurs (Electrify Accelerator[9]), which launched in 2022, as well as sponsor an annual conference – Electrify Aotearoa for women entrepreneurs and investors. Another government agency, New Zealand Trade and Enterprise (NZTE) has run an annual female founder investment showcase entitled InvestHER since 2019, which aims to provide support and guidance for women entrepreneurs to raise capital. In 2023 the showcase was held overseas for the first time in Singapore, enabling New Zealand women entrepreneurs to make valuable connections with key regional stakeholders. Unfortunately, this showcase did not run in 2024 due to government funding constraints.

On the supply side, women represent 20% of the business angel population in New Zealand, but at VC level, there is a strong need for increased representation of women across the industry. As of April 2023, there were only six women VC partners in New Zealand and underlining that attracting women into the industry had been difficult. Within substantial evidence that diversity is essential for developing robust and innovative entrepreneurial ecosystems globally, addressing the gender gap on the supply-side but particularly within VC markets is imperative.

Conclusions

Despite a number of well-intentioned initiatives, there has been insufficient co-ordinated policy thinking related to women’s equity finance. There has recently been a reliance on the private sector to drive the agenda, but substantial gender gaps remain. Further, there is currently no evaluation mechanisms in place that could ascertain the effectiveness of targeted support and indeed if women entrepreneurs who take part do go on to raise the capital they require.

The OECD, G7 and G20 have all called on governments to work on developing and implementing a range of financial instruments and accompanying support measures for women entrepreneurs and indeed some countries are providing more direct investment to support growth-oriented women entrepreneurs (OECD/European Commission, 2023[11]). There are a number of potential avenues for policy development in this area for New Zealand. They include encouraging diversity mandates or guidelines within venture capital firms and angel investor networks, increasing support for capacity-building programmes that provide women entrepreneurs from diverse backgrounds with the skills and resources needed to navigate the investment landscape, enhancing data collection, monitoring and reporting mechanisms to track investment flows and outcomes by gender, and introducing alternative investment funds that support longer terms investments that help women entrepreneurs achieve sustained (good) growth and potential exits at the right time of their business life cycle (similar to the Business Growth Fund in the United Kingdom, see https://www.bgf.co.uk/about/).

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Notes

[1] Aotearoa is the is the Māori name for New Zealand. Māori are the Indigenous people of Aotearoa New Zealand.

[2] More recent, post 2020 global comparative statistics are currently unavailable since the World Bank survey ceased. The bank is aiming to bring out a new ranking system by 2025. Further, New Zealand does not participate in the Global Entrepreneurship Monitor (GEM) study.

[3] “Number 8 steel wire” is ubiquitously used on New Zealand’s remote farms to solve mechanical problems. Accordingly, the term "number 8 wire mentality" came to represent the ingenuity and resourcefulness of New Zealanders in solving issues they face.

[4] The 2021 Mastercard Index Women Entrepreneurs (MIWE) ranked 65 economies on the basis of three overall components: women’s advancement outcomes, knowledge assets and financial access and entrepreneurial supporting conditions.

[5] Elevate is a NZD 300 million government-funded fund of funds that invests into venture capital funds; aimed at filling the Series A and B capital gap for high-growth New Zealand tech companies.

[6] Aspire is a generalist seed fund, managed directly by New Zealand Growth Capital Partners (NZCGP) that invests into high-growth technology-based Kiwi (at initial investment) start-ups.

[7] New Zealand Growth Capital Partners (NZGCP) is a Crown entity established by the New Zealand Government in 2002 to build a vibrant early-stage technology investment market in New Zealand. A Crown entity is established under the Crown Entities Act 2004, a unique umbrella governance and accountability statute which is based on the corporate model where the governance of the organisation is split from the management of the organisation.

[8] Enterprise Angels is a membership-based investment network and a wider community of nationwide wholesale investors. Established in 2008, Enterprise Angels has evolved into one of the largest, most active and best resourced Angel groups in NZ with over 200 members.

[9] Electrify Accelerator is a dynamic 12-week programme designed to empower women and gender non-binary founders of high-growth start-ups, focusing on customer development, traction, and investment readiness.

25 Nigeria: Policy insights on finance for supply chains

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Background

With a population of over 200 million, Nigeria is the most populated country in Africa and the 7th most populous nation in the world (World Bank, 2020[1]). Nigeria has an exceptionally high number of women entrepreneurs that account for about 40% with early-stage entrepreneurial activity; however, only about 20% of these entrepreneurs are operating in the formal sector (PwC, 2020[2]). According to the joint Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and Nigerian National Bureau of Statistics last survey, women entrepreneurs accounted for 43% in the ownership structure of micro-enterprises, compared to 22% in small- and medium-enterprises and 20% for larger enterprises (National Bureau of Statistics, 2017[3]). According to Women in Management, Business and Public service (Wimbiz), 56% of Nigerian men report having access to financial services compared to only 45% of women (Wimbiz, 2023[4]).

Nigeria benefits from the presence of many Multi-national Corporations (MNCs) where diversity initiatives can help open procurement and supply chains to businesses owned by people from under-represented groups. Attention is generally placed on the growth barriers of women entrepreneurs; however, two clear areas of discrimination are evident. First, the missing link for women-owned businesses is the under-representation of women of business spending within the MNC expenditure, representing less than 25% of MNC procurement (Adesua-Lincoln, 2011[5]). This low representation in MNC spending reflects the limited availability of women-owned businesses who can successfully operate within MNC supply chains as indicated in the low representation in medium- and large-scale enterprises with goods and services suited towards MNCs. Evidence, however, shows that 22% of women distributors have access to finance, which illustrates this constraint to resources has implications on inventory and storage facilities (Investment Climate Reform Facility, 2021[6]). Secondly, gender bias in procurement processes and MNCs teams are the key limitations within women's access to finance, leading to women entrepreneurs having limited access to finance, lack of information on sources, limited credit history, higher loan requirements and inadequate collateral (Adesua-Lincoln, 2011[5]).

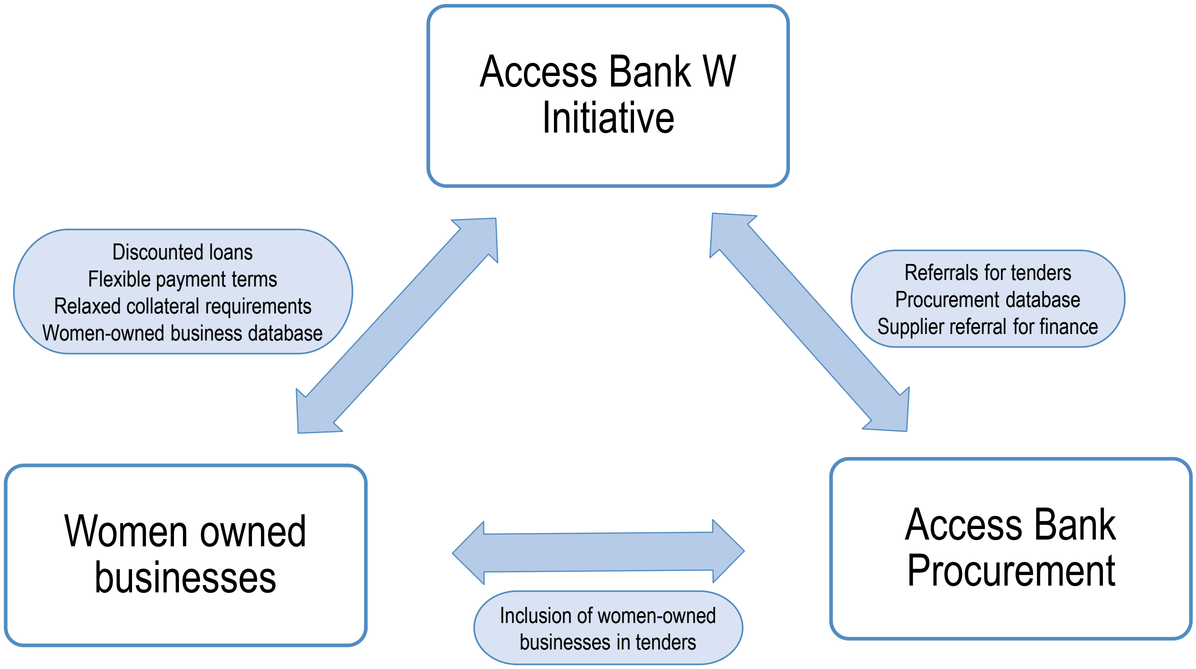
Women entrepreneurs have long faced barriers in accessing finance for business start-up and growth and are less likely to be successful in financing compared to their male counterparts. Women's access to finance is impeded by the banking institutions having higher requirements for loans and credit facilities for women entrepreneurs compared men (Abdullah and Quayes, 2016[7]). Requirements for a bank loan are cashflow statement, customer's request letter, audited financials, copy of Corporate Affairs Commission (CAC) and other documents or collateral depending on what is being financed (Union Bank, 2024[8]). Despite the provisions of the Nigerian law providing equal rights, customary practices that are discriminatory against women in property ownership and inheritance rights still persists (International Labour Organisation, 2022[9]), impacting the availability of collateral where required for a loan. The Nigerian

Bank of Industry has tailored-funds for women, which aim to promote diversity and gender empowerment by providing low-cost financing, over long tenors with more favourable terms for sectors like agro-processing, healthcare, ICT, engineering, creative industry, gas and petrochemicals, and fashion industry (Bank of Industry, 2024[10]). Compared to men, women are more likely to rely on personal funds, microfinancing and loans from informal networks to finance their business (Adesua-Lincoln, 2011[5]). The smaller-sized businesses operated by women limits their ability to participate in large tenders with high expenditure which would have more impact on profitability and sustained growth.

Policy issue: Women-owned businesses and social-cultural issues affecting access to finance in multinational supply chains

Recent evidence shows that access to credit is a major obstacle for businesses to thrive and grow in Nigeria (PwC, 2020[2]; National Bureau of Statistics, 2017[3]). Women business owners expressed the biggest challenge related to accessing external finance is collateral requirements. As part of supply diversity programmes of MNCs, they are collaborating together (e.g. P&G, British American Tobacco, Access Bank, Accenture) to work with women entrepreneurs to develop entrepreneurial capabilities, teach financial literacy, access finance (Brand Communications, 2018[11]) and in the case of P&G, provide grants to support their businesses (Onwuegbuchi, 2018[12]). Access Bank, a financial services conglomerate with headquarters in Nigeria with subsidiaries across Africa, China, Middle East, the United Kingdom and Europe, supports the finance challenges of women-owned businesses by leveraging their base competence and large expenditure as a multi-national institution to support women businesses in finance and contract allocation (Access Bank, 2024[13]). They launched the "W initiative" to meet the needs of the women entrepreneurs specifically and to provide good references to their procurement unit for inclusion in the bank's tenders and business allocations. As illustrated in Figure 25.1, the inter-relationships within Access Bank creates a thriving ecosystem with a mutually beneficial relationship between three parties – Access Bank's Procurement, Access Bank's "W initiative" team and the women-owned businesses, where value is created and parties meet individual objectives, as represented in their high women-owned business expenditure share. In this case, Access Bank is meeting the funding challenge and also leveraging their large expenditure to grow the women entrepreneurs spending by making referrals to their procurement unit. Other examples include MNC (P&G) and one bank (Bank of Industry).

Figure 25.1. Access Bank's financial ecosystem for the development of women-owned businesses (WOB)



The second area of MNC's support to increase the representation of women-owned businesses is the provision of supply chain financing with suppliers, customers and service providers to increase value for all participating companies. In Nigeria, Procter & Gamble connects with Citibank to provide supply chain financing to its suppliers to meet their short- to mid-term financing needs (i.e. purchase order or contract financing) based on a valid purchase order or contract to the supplier (P&G, 2024[14]). Subject to a valid purchase order or contract, this programme provides suppliers the option of receiving payment in as little as 15 days from invoice receipt compared to the standard 90, 120 or 180 days with the goal of improving cash position and reducing their debt (P&G, 2024[14]). With this programme, entrepreneurs receive discounted loans to help close the gap, which in turn provides an opportunity to build a credit history and learn about bank financing. This credit history helps improve the chances of successfully obtaining finance in the future.

Thirdly, MNCs help women-owned businesses by providing flexibility in payment terms in the form of advance or early payment managed on a case-by-case basis, most times applied at a discount. This is practiced by Cummins and P&G, thus benefiting women-owned businesses to meet their financing requirements, helping their cash flow and contractual obligations further deepening the relationships and dependence on MNC buyers for their business growth. An enabler on invoice management is the electronic invoicing which is set up between the MNC and its suppliers, speeds up the payment process by eliminating paper invoice submission, delays and errors prevalent with manual invoice processing.

While supply chain financing is being adopted, it comes at a cost as a price discount is usually applied and with other burdens remain (e.g. taxation, levies, operating costs to service MNCs), hence reducing the women-owned businesses and supplier profitability. The supply chain financing and flexible payment term support by MNCs are relevant for specific purchase orders or contracts that meets women-owned business' and supplier finance needs on a transaction basis. While this meets women-owned businesses' immediate operational need, the long-term business growth needs (e.g. business expansion, facility upgrades, capital expenditure) require long-term financing, which still remains largely unmet hence the low representation. Due to the global financial crisis aggravated by the COVID-19 pandemic, smaller companies have found themselves pressured by incidental cost of financing and rising interest rates (Wasiu Alli, 2024[15]). To mitigate women-owned businesses' growth challenges and increase representation in supply chain within MNCs, access to finance goes beyond access but ensuring short- and long-term needs to provide for entire business and reduce the cost of finance burden.

Conclusions

The lack of a clear government mandate related to increasing diversity, gender bias and discrimination are unlikely to be reduced without widespread reforms. In addition, MNCs should be encouraged to reflect on their supplier selection and supply chain processes and how to ensure that MNC expenditure allocation decisions are unbiased with respect to women-owned businesses.

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26 Northern Ireland, United Kingdom: Policy insights on how to target interventions effectively

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Background

According to the latest Global Entrepreneurship Monitor (GEM) (Luong et al., 2023[1]), nearly half of the working age population perceive good start-up opportunities in Northern Ireland, United Kingdom. Additionally, some 18.1% of working age adults in Northern Ireland (United Kingdom) indicate that they expect to start a business (from 2022 onwards) within the next three years. Despite these positive aspirations, Northern Ireland (United Kingdom) continues to lag behind the majority of the other regions in the United Kingdom in terms of actual entrepreneurial activity rates. Reflecting this, the Early-Stage Entrepreneurial Activity (TEA) rate[1] was 8.7% in 2022, compared to an overall TEA rate for the United Kingdom of 11.0%. These numbers are indicative of an ongoing trend. For example, over the last three years (2020-22), the TEA rate was 7.7% compared to rates elsewhere in the United Kingdom: 10.4% in England, 8.5% in Scotland and 8.1% in Wales (Luong et al., 2023[1]). When the TEA rate for Northern Ireland (United Kingdom) is disaggregated by gender, further disparities are apparent. While the rate rose among women between 2020 and 2022 (from 4.5% in 2020 to 7.3% in 2022), it continues to lag behind that of men in the region (10.2% in 2022 decreasing from 11% in 2021).

Consistent with other regions of the United Kingdom, the most recent GEM Northern Ireland Report highlights that funding remains a key issue for many start-up businesses (Luong et al., 2023[1]), with some 55% of nascent entrepreneurs expected to self-fund their business. Literature tells us that access to finance for entrepreneurs has been demonstrated to be a longstanding issue at a national, European and international level (see for example, (BBB, 2024[2]; Coakley and Huang, 2023[3]; Erogul and Na, 2021[4]; Villaseca, Navío-Marco and Gimeno, 2021[5]; Wu, Li and Zhang, 2019[6]). While there is a lack of literature exploring access to finance for entrepreneurs in Northern Ireland (United Kingdom), experiences from elsewhere indicate that women face particular challenges in terms of financing their businesses: they typically have less capital than men and they launch their business with smaller amounts of capital than their male counterparts (Coleman and Robb, 2016[7]). Women also have difficulties securing capital for growth and are subject to gender bias in bank lending practices. Additionally, women make less use of external financial instruments than men (OECD/European Union, 2019[8]; OECD, 2021[9]). Reflecting ongoing financing issues, the most recent Small Business Finance Markets 2023/24 report (BBB, 2024[2]) confirms that women-led businesses continue to face challenges in raising finance and that this has changed little in over a decade.

Policy issue: Absence of a dedicated women's entrepreneurship finance policy

Research suggests that public policy has been used to improve women entrepreneurs access to financial capital (OECD, 2021[9]). However, there is no dedicated policy for women's entrepreneurship in Northern Ireland (United Kingdom) (OECD, 2021[9]). In the absence of dedicated policy, "Economy 2030: a consultation on an industrial strategy for Northern Ireland" (DfE, 2017[10]) sets out the long-term vision of the region to transform into a globally competitive economy. Key to this is developing a "culture which supports, prioritises and celebrates innovation, creativity and entrepreneurship" (p. 9), including increasing the Total Early-Stage Entrepreneurial Activity rate. The vision makes some broad policy statements around the need for funding to support entrepreneurial activity, including highlighting the potential of venture capital and non-traditional funding sources. However, while women are specifically mentioned in the vision as a group for whom tailored actions are required to encourage them into business, the vision does not fully consider how women might overcome the challenges they potentially face in securing appropriate funding.

At a more granular level, the Department for the Economy's (DfE) "10X Economy – Northern Ireland's decade of innovation" sets out the vision for the transformation required to support growth in the Northern Ireland economy over a decade (DfE, 2021[11]). Northern Ireland's economic vision for a "10X Economy" is clear regarding the "need to inspire future generations to work in and create their own businesses … with the ultimate goal of attaining and retaining these entrepreneurs and innovators of tomorrow". Consistent with the "Economy 2030" vision, the "10X Economy" recognises the need to foster "a culture of entrepreneurship that supports new business development…to drive up the rate of new business starts ups and create an environment that actively fosters and supports entrepreneurs to turn their ideas into reality" (DfE, 2021[11]). Despite this, the "10X Economy" does not directly address access to finance for women entrepreneurs.

Reflecting the sentiments of the "Economy 2030" (DfE, 2017[10]), Northern Ireland's commitment to fostering and supporting entrepreneurship as well as driving up the number of new business start-ups is at the heart of the most up to date "Entrepreneurship in Northern Ireland Context Paper" (DfE, 2018[12]). The context paper recognises the ongoing challenge of stimulating entrepreneurship and the growing culture of women entrepreneurship in the region. However, the paper does not identify funding as a potential problem for entrepreneurs.

In terms of providing more direct support for entrepreneurs, Invest NI (regional Economic Development Agency) are responsible for the delivery of the DfE's economic development strategies outlined above. Responsible for stimulating a culture of entrepreneurship and innovation, among other things, Invest NI's current Business Plan (Invest NI, 2023[13]) recognises that a key priority will be to secure alternative funding sources to drive the economic growth needed to deliver against the "10X Economy". While Invest NI recognises the need to simplify and assist entrepreneurs in accessing alternative sources of funding, a recent "Independent Review of Invest Northern Ireland" (Lyons, Johnston and O'Reilly, 2023[14]) was carried out to assess Invest NI's "fit for purpose" to deliver the "10x Economy" vision and recommends that Invest NI rethink the funding supports they make available to clients, to consider the utilisation of alternative sources of funding, and to strengthen their role and expertise in providing funding advice to entrepreneurs. Neither Invest NI's Business Plan or the Independent Review of Invest NI consider if accessing funding in the region for women.

The above review of Northern Ireland's entrepreneurship finance policy landscape has identified three key issues which are of relevance to policy makers. First, there is no dedicated women's entrepreneurship finance policy in Northern Ireland (United Kingdom). Second, consistent with policy making in other areas in Northern Ireland (United Kingdom) (Deiana, Hagen and Roberts, 2021[15]) and elsewhere, including New Zealand, Denmark and Poland (de Bruin and Lewis, 2021[16]; Neergaard, 2021[17]), entrepreneurship finance policy in Northern Ireland adopts a gender-neutral approach. A gender-neutral approach assumes that the financial needs of women and men entrepreneurs do not need to be differentiated. However, given the low TEA rates, and the widening gap between women and men, adopting a gender-neutral or gender-blind approach in the future is unlikely to be effective in reducing the gender gap in entrepreneurship Finally, within the region there is a significant lack of data (both quantitative and qualitative) collected and made available for analysis, documenting women entrepreneurs' experiences of obtaining finance.

Conclusions

Recent initiatives have attempted to tackle the identified gap in Northern Ireland's funding landscape. For example, the British Business Bank launched a GBP 70 million investment fund in Northern Ireland (United Kingdom) in November 2023 to support new and scaling business who struggle to secure finance (BBB, 2023[18]). This fund, however, does not specifically address the difficulties women entrepreneurs face in accessing finance. In addition, Invest NI have teamed up with Women in Business to provide opportunities for women entrepreneurs to take part in a competition to receive up to GBP 30 000 in funding (Egerton, 2023[19]), thereby addressing to some extent the financing difficulties women face. While this "Ambition to Grow | Supporting Women" initiative aims to address gaps in funding for women entrepreneurs, the level of funding is relatively small. A more significant opportunity, designed to improve the finance landscape for women entrepreneurs in Northern Ireland (United Kingdom), is the development of a women-led angel investment syndicate AwakenAngels, which operates on an all-Ireland basis. The initiative, supported by the British Business Bank and InterTradeIreland, aims to address deficiencies in the current funding landscape by providing women entrepreneurs with access to early-stage funding (McKay, 2024[20]).

Notwithstanding recent developments in the region, entrepreneurship finance policy in Northern Ireland (United Kingdom) has to date not substantially addressed the challenges faced by women entrepreneurs. Largely reflecting legacy issues, entrepreneurship finance policy remains largely gender neutral. Reflecting this, while the strategic policy landscape (including "Economy 2030", "10X Economy", Entrepreneurship in Northern Ireland Context Paper and the Independent Review of Invest Northern Ireland) recognises the critical role of finance in supporting entrepreneurship, it does not explore this landscape with the perspective of supporting women entrepreneurs. Furthermore, ongoing and recent activity in Northern Ireland (United Kingdom) provides evidence that obtaining finance is a particular obstacle for women. To address this ongoing and enduring issue, policymakers could consider developing a dedicated women's entrepreneurship finance policy, with clear actions and targets, developing an evidence base of the lived experiences of women entrepreneurs in accessing finance together with gender-disaggregated data for those availing of funding resources, and increasing the number of dedicated funding initiatives for women entrepreneurs.

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Note

[1] The Total Early-Stage Entrepreneurship rate estimates the proportion of the population that is involved in setting up a new business or managing one that is less than 42 months old.

27 Poland: Policy insights on venture capital

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Background

In Poland, the rate of women entrepreneurship is one of the highest among European Union (EU) countries. In 2022, 15% of working women were self-employed which was above the EU average (11%) (OECD, 2024[1]). Most women-owned businesses operate as sole proprietorships, with few employees and are mainly active in the consumer services sector. However, women-owned firms tend to have lower first-year survival rates than their male counterparts and achieve lower growth rates. Innovation rates and commitment to internationalisation processes are also lower among women-owned firms. Women owners mostly rely on their financial resources like retained business profits, personal or family savings, and loans from friends (Elam et al., 2019[2]; Balcerzak-Paradowska et al., 2011[3]; OECD/EU, 2022[4]; Lisowska and Leszczyński, 2023[5]).

Women entrepreneurs in the EU are 25% less likely than their male counterparts to use bank loans to fund their businesses. Moreover, only about 13% of governmental start-up grants or loans are awarded to women founders (OECD, 2022[6]). The numbers regarding equity investments are even more discouraging, with only 2% of European equity investments going to women-led teams (OECD/EU, 2022[4]). The report on European Women in Venture Capital, which is edited by the International Data Corporation (IDC), has revealed that Poland has a very low balance of women general partners in Venture Capital Funds (VCs), which consequently limits funding opportunities for women (IDC report, 2021[7]). While there are women-led venture capital funds (VCs) such as Black Swan or Experior Venture Fund, these funds each have less than EUR 25 million. The majority of larger VCs do not have any women general partners. It is worth noting that a highly gender-imbalanced venture capital decision-making process is one of the significant reasons why the financial markets are less interested in investing in women's business creation and self-employment (Level 20; PSIK and Abris, 2021[8]). Furthermore, research conducted in Norway has shown that venture capitalists favour masculine characteristics when assessing entrepreneurs, revealing a potential incongruence between feminine characteristics and perceived entrepreneurial attributes (Karlstrøm, Jansen and Solheim, 2024[9]).

Policy issue: Venture capital and networks

Over the last eight years (2015-23), the government has not implemented significant or directive steps toward creating infrastructure, funding or establishing business support networks for women entrepreneurs. This has resulted in a lack of public policy concerning investments in women's start-up initiatives and support programmes that specifically address the needs of women entrepreneurs and combat the barriers they face in accessing finance. However, several non-governmental organisations have provided women entrepreneurs with tailored seminars and training workshops on practical business skills and mentoring, coaching, and networking opportunities (Lisowska and Leszczyński, 2023[5]; Klimek, 2020[10]).

The Black Swan Fund was a venture capital fund established in 2015 by the Enterprising Women's Network Foundation. Its primary objective was to co-invest with business angels in the early-stage projects led by women entrepreneurs. The initiative evolved from the Black Swan Business Angel Club, which was launched in 2013 to connect investors with women-led start-ups. Black Swan Fund was managed entirely by women. It not only offered funding and networking opportunities but also provided education and consulting services in management delivered by experienced businesswomen. However, Black Swan Fund ceased its activities in May 2022 and the new Black Swan Prestige Club emerged as a network of women managers, entrepreneurs, and investors.

Angel networks are important in filling the gap left by a lack of public policy initiatives. Using VC co-investments with women angels is a good solution for women entrepreneurs who are under less interested in the large funds that are usually managed by men and investing mainly in men entrepreneurs.

Conclusions

Currently, women entrepreneurs in Poland have limited access to funding their start-ups. Firstly, very few women are among the partners of the venture capital funds operating in Poland, which limits women entrepreneurs' access to finance, particularly those seeking to grow their businesses. Having more women venture capitalists could benefit more women entrepreneurs and start-up owners. Secondly, there is a lack of public policy initiatives in entrepreneurial education, promoting gender diversity in venture capital, co-financing women's innovation businesses, and supporting non-governmental networks of women investors. Thirdly, there is a lack of data on women who use loans from bank, equity and venture capital funds.

Key options for addressing these issues include promoting role models for women, offering training to potential women investors to encourage them to become angel investors, providing some financial support to women's angel networks, and collecting more gender-disaggregated data on women's entrepreneurship financing, starting with commercial banks and institutional investors.

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28 Scotland, United Kingdom: Policy insights on crowdfunding

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Background

The landscape of women's entrepreneurship in Scotland, United Kingdom is both multi-faceted and continuously developing. Women-led businesses contribute GBP 8.8 billion gross value added (GVA) to the Scottish economy each year, accounting for over 13% of all jobs in the private sector – over 231 000 (FSB, 2018[1]). Yet in terms of start-ups, the Total Early-stage Entrepreneurship Activity rate highlights that women are only 68% as likely as men to self-report that they are working on a new start-up or managing a young business (i.e. less than 42 months old). This is the largest gender gap and second lowest rate for women within the four UK nations (GEM, 2022[2]). A recently published report by the Scottish Government underscores the need to improve support for women throughout the entrepreneurial journey and to create a critical mass to aid scale-up growth (Stewart and Logan, 2023[3]). Majority women-owned businesses are 20% of the business base in Scotland (United Kingdom), evidencing a large and slightly increased gender gap in enterprise participation since 2014 (Women's Enterprise Scotland and Scottish Government, 2014[4]).

A major obstacle facing would-be women entrepreneurs is the limited access to finance. In tackling this, the Scottish Government has undertaken some key initiatives. In 2017, the Scottish Framework and Action Plan for Women in Enterprise was adopted in tandem with Women's Enterprise Scotland. Among other actions, this plan recommended the improvement of mentorship services, role modelling programmes, and increased financial support. More recently, the Pathways scheme was launched in 2023, pledging over GBP 1 million to businesses led by under-represented groups, including women. Additionally, several loan and grant schemes have been launched to help businesses grow alongside or around certain issues such as the COVID-19 pandemic or the transition to Net Zero. However, obstacles remain for women seeking to launch or direct their own business, with access to finance persisting as a major challenge.

Policy issue: Improving access to finance through crowdfunding

The COVID-19 pandemic exposed and exacerbated existing disparities and structural inequalities for women business owners. Scottish women-led companies made up just 13.3% of successful applications to two business pandemic relief grant funds, receiving only 10.6% of the total funding (Women's Enterprise Scotland, 2021[5]). While those eligible for Self-Employed Income Support Scheme (SEISS) were 35% women and 65% men, only 23% of the total funding went to women applicants (Women's Enterprise Scotland, 2021[5]). Added to this, the reduced risk appetite of banks to lend to small businesses after the banking crisis in 2008, and again post-pandemic, has seen further deterioration during the cost-of-business crisis (Tyler, 2023[6]). The withdrawal of European structural and investment funds, as a result of the United Kingdom leaving the European Union, has had consequences for community wealth building and economic development, as funding has been cut for infrastructure projects as well as a wide range of community based and business support projects (Scottish Government News, 2022[7]). Equally as impactful, the compounding effect of the COVID-19 pandemic and subsequent cost-of-living crisis has seriously hampered the path towards gender equity. As start-up funding becomes ever more constrained in Scotland (United Kingdom), new sources of capital for women are emerging, such as crowdfunding and angel investment, which may be beneficial in improving women's business capitalisation and funding.

Crowdfunding may offer a mechanism to help improve access to finance for women entrepreneurs. Originally focused on the music and arts communities, crowdfunding has developed over the years to become a more mainstream funding mechanism. Recent data suggests that women have experienced notable success in funding campaigns, exceeding the gains made by male counterparts (PwC and The Crowdfunding Centre, 2017[8]). The main types of crowdfunding are rewards-based crowdfunding, loan-based crowdfunding, equity-based crowdfunding and donations-based crowdfunding. The growth in the reward-based crowdfunding market is partly driven by increasing numbers of entrepreneurs using this platform as a means of financing their projects. Through rewards-based crowdfunding, women entrepreneurs can offer their products and services as rewards to prospective purchasers. In this way, sales can be secured and payment taken upfront before having to pay for the cost of the goods and deliver the goods to the purchaser. The opportunity to effectively pre-fund the cost of sales enables women to sell more products and gain valuable profits. In addition, donation-based crowdfunding offers a route for women philanthropists to support the business creation projects of other women. Instead of purchasing products as rewards, a donation can be made to support the business project. By combining rewards-based crowdfunding and donation-based crowdfunding, women can access two new mechanisms to better fund their businesses. Equity crowdfunding is quite different from the other types of crowdfunding and can be more attractive to a particular kind of investor; as in return for their investment, investors receive an equity stake in the company. This type of crowdfunding, therefore, tends to attract larger sums of investment. Crowdfunding activity can help to boost the profile of new business projects in turn leading to greater awareness and access to more prospective purchasers and/or donators. Greater awareness of entrepreneurial activities can also assist with access to non-financial business benefits. A pioneering rewards- and donations-based crowdfunding platform built by Women's Enterprise Scotland through the Women's Business Centre online platform saw eight businesses taking part in rewards- and donations-based crowdfunding campaigns at the end of 2023, raising a total of GBP 28 500. Several of the businesses achieved local and national media coverage in print and on television. Following the coverage, wider offers of support were received including offers of additional funding and access to business premises.

Crowdfunding may also have a critical role to play in assisting more women entrepreneurs to gain funding from more traditional funding sources such as banks and equity investors. The data held by platforms on the achievements of each campaign offers a rich source of insight into product market fit for new innovations. Collating such data and making it available to follow-on lenders and investors provides a source of independent verification of sale achieved. In addition, the wider campaign activities can help assess the success of marketing activity undertaken and which channels have performed better than others. Data from these sources can assist with due diligence work and better evidencing underlying business value.

Conclusions

For decades women entrepreneurs have not received a commensurate share of business funding with equity investment in particular evidencing a significant disparity. The status quo was further exacerbated by sustained funding inequalities during the COVID-19 pandemic with women entrepreneurs now facing a cost-of-business crisis from a weakened and more vulnerable financial position. Access to capital is vital for business growth and sustainability and crowdfunding offers a new way for women entrepreneurs to effectively pre-fund the cost of their sales and grow the financial capital in their businesses. Governments could develop further regulations on crowdfunding to protect individuals, businesses and organisations while enabling simple access to this innovative and effective source of funding.[1] Key areas for potential policy development include expanding financial education in the business advice sector to incorporate crowdfunding as a viable capital source, establishing informational courses on effective crowdfunding strategies for women entrepreneurs, along with promoting successful case study examples and offering financial incentives for their campaigns, and mandating gender-disaggregated data reporting for business funding allocations to track finance to women-led businesses.

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Note

[1] In the United Kingdom, the Financial Conduct Authority (FCA) is an independent public body accountable to the Treasury which is responsible for the UK financial system and to Parliament. If the crowdfunding involves a regulated activity, the FCA is responsible for its regulation.

29 Slovenia: Policy insights on start-up competitions

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Background

The Slovenian Government has demonstrated a strong commitment to gender equality and support for women entrepreneurs through various policies and initiatives. A key strategic document is the Resolution on the National Programme for Equal Opportunities for Women and Men until 2030 (ReNPEMŽM30) prepared by the Ministry of Labour, Family, Social Affairs and Equal Opportunities. This document, which follows the previous ReNPEMZM15-2 from 2015, outlines the goals, measures and key policy makers committed to achieving equal opportunities for women and men across various aspects of life in Slovenia by 2030. On September 22, 2023, the National Assembly unanimously adopted the resolution. Over the decades, Slovenia has built a robust network of public childcare and educational facilities along with other public services, which have empowered women to participate more equally in the labour market (Ministry of Labour, 2023[1]). Despite this progress, women in Slovenia still enjoy less economic, social and political power compared to men. According to the European Institute for Gender Equality, their position is even deteriorating in some respects (EIGE, 2023[2]). The new resolution, developed in co-operation with experts and civil society, addresses all areas where women are disadvantaged, aiming to create a more equitable environment.

Recent trends in women's entrepreneurship

In Slovenia, as in many other countries, men are more frequently engaged in entrepreneurial activities than women. This gender disparity in entrepreneurship is attributed to various economic, sociological and psychological factors, including socio-cultural patterns influencing gender roles, access to resources such as capital and networks, and differences in risk perception and self-confidence (Minniti and Nardone, 2007[3]; Elam et al., 2019[4]). Data from the Global Entrepreneurship Monitor Slovenia (GEM Slovenia, 2024[5]) reveals trends in the share of early-stage women entrepreneurs among all entrepreneurs in Slovenia over the last five years. In 2021, the share of women entrepreneurs among all entrepreneurs in Slovenia increased significantly to 44%, exceeding both the GEM and the European GEM average. However, in 2022 and 2023, this figure fell to 34%, which was below the average values of the reference groups. This fluctuation can be partly attributed to market changes due to the COVID-19 pandemic, which had a temporary impact on entrepreneurial opportunities. The increased entrepreneurial activity among women in 2021 could be related to new opportunities or adaptations of existing business models during the pandemic. However, the decrease in 2022 and 2023 suggests a return to pre-pandemic levels, indicating persistent structural challenges. In Slovenia, there are 5.5 women entrepreneurs for every 10 men entrepreneurs, compared to the European average of 7 women entrepreneurs per 10 women entrepreneurs (Hill et al., 2024[6]). Men continue to dominate entrepreneurial activities, especially in high-growth sectors such as technology and engineering, while women are more active in sectors such as education, healthcare and social services, which are traditionally less visible in entrepreneurial metrics. Structural barriers, including limited access to capital, networks and resources as well as societal expectations and stereotypes, significantly impact women's entrepreneurial activities.

Barriers to financial access

Despite entrepreneurial support initiatives, women entrepreneurs in Slovenia face significant barriers in accessing financial resources. National experts associated with the Global Entrepreneurship Monitor (GEM) research share this view, highlighting the challenges in access to financial resources for women entrepreneurs in Slovenia despite high levels of social support. Women in Slovenia encounter difficulties in obtaining both start-up and growth financing. National experts report that women are less likely than men to obtain loans, grants and equity investments even when controlling for differences in demand. When they do secure funding, they often receive smaller amounts, face higher interest rates, and are required to provide more collateral (GEM Slovenia, 2024[5]).

Banks are gradually becoming more aware of the specific challenges that women entrepreneurs face in accessing financial resources. Information about these challenges is published on their websites (see (Nova Ljubljanska Banka d.d., 2020[7])). Banks also offer their customers access to expert banking and financial advice, addressing issues and specific challenges faced by women entrepreneurs. This increased awareness in the banking sector complements the efforts of the Public Fund of the Republic of Slovenia for Entrepreneurship (Slovene Enterprise Fund - SEF), which is the leading national financial fund dedicated to supporting small- and medium-sized enterprises (SMEs), start-ups and scale-ups. SEF offers a variety of financial instruments tailored to different stages of business development. However, SEF does not currently offer incentives exclusively for women entrepreneurs.

Policy issue: Competition for financial incentives for women entrepreneurs

The public call “Competition for Financial Incentives for the Best Business Model and Presentation by Women Entrepreneurs” is an initiative by SPIRIT Slovenia aimed at supporting women entrepreneurs, especially those in the early stages of their ventures. SPIRIT Slovenia is the Public Agency established by the Government of the Republic of Slovenia to promote entrepreneurship, technological development, internationalisation of Slovenian companies, and attract foreign investments. The agency operates under the Ministry of the Economy, Tourism and Sport. This public call, launched in 2019 in co-operation with the Ministry of Labour, Family, Social Affairs and Equal Opportunities, recognises and rewards innovative business models developed by women, thus promoting women’s entrepreneurship and enhancing their entrepreneurship skills. The competition takes place annually and encourages the creation and successful launch of new businesses by women entrepreneurs.

For the 2024 edition, the public call aims to select the best 100 business models presented by women who register their companies in 2023 and 2024. Eligible applicants are women who have established their businesses between January 1, 2023, and the competition application deadline. The companies must be at least 51% owned by women. Additionally, applicants must have completed the “ABC of Entrepreneurship” online training course offered by the SPOT counselling points and be among the top 100 in the presentation of their business models. The competition provides a total fund of EUR 300 000, with individual grants of EUR 3 000 for the best business models. These financial incentives are intended to support the business development and growth of the selected women entrepreneurs. This initiative is part of SPIRIT Slovenia's broader efforts to foster a supportive environment for women entrepreneurs (SPIRIT Women portal, 2024[8]).

The use of competitions, such as this one, has several advantages and potential drawbacks compared to other mechanisms for disbursing funds. On the positive side, competitions can highlight successful business models, creating role models for other aspiring women entrepreneurs. This visibility can inspire more women to pursue entrepreneurial ventures and provide concrete examples of success. Moreover, the competitive element can drive participants to refine their business plans and presentations, ultimately leading to more robust and viable business models. However, there are also potential downsides to using competitions. Not all participants will win, and this could negatively impact the self-esteem and motivation of those who do not receive funding. There is also a risk that the competitive nature of the process might discourage collaboration among participants. Furthermore, competitions may favour those with better presentation skills or existing resources, potentially overlooking innovative ideas from less polished but equally deserving candidates. A significant drawback of such competitions is that the amounts awarded are relatively low and primarily intended for early-stage entrepreneurial activities. There is a lack of initiatives aimed at later-stage support and the development of innovative ideas, which are crucial for sustained growth and long-term success.

Conclusions

The landscape of women entrepreneurship in Slovenia is characterised by both progress and persistent challenges, particularly in financing. Despite the Slovenian Government's efforts to promote women's entrepreneurship through various policies and initiatives, significant disparities remain in access to financial resources. Women entrepreneurs often face greater difficulties than men. The "Competition for Financial Incentives for the Best Business Model and Presentation by Women Entrepreneurs" was a positive step toward addressing these challenges. This initiative, along with tailored support programmes, helps women overcome significant barriers such as access to capital and business networks. Analyses indicate that 80% of women entrepreneurs financed through such initiatives survive for at least two years, demonstrating the effectiveness of these support mechanisms. However, women entrepreneurs continue to face challenges in entrepreneurship, particularly in high-growth sectors like technology and engineering, while women are more active in sectors such as education, healthcare and social services. Structural barriers, including limited access to capital, networks and resources as well as societal expectations and stereotypes, significantly impact women's entrepreneurial activities. Potential policy development directions include increasing funding initiatives, promoting microfinance and fintech solutions and enhancing support services and financial literacy programmes.

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30 South Africa: Policy insights on fintech

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Background

Fintech, which refers to new technologies and innovations that aim to compete with traditional methods to deliver financial services more efficiently, is drastically altering the global landscape of financial services, products, marketing and even institutions. Despite the excitement surrounding fintech's potential to improve financial inclusion, the gendered nature of the industry is frequently disregarded. Fintech has the potential to significantly empower women in South Africa by creating additional economic opportunities and addressing of the issues that hinder financial inclusion for women. Government policies play a pivotal role in shaping the landscape for fintech, especially when it comes to fostering opportunities and inclusion for women in South Africa. Policy makers and private/public organisations also have a crucial role in supporting women's financial inclusion through these technologies in South Africa. These policy measures should be designed to create an enabling environment that empowers women to fully participate in and benefit from the fintech sector in South Africa, including regular assessments of how fintech services are impacting women's financial inclusion and adjust strategies accordingly.

The finance gap for women-owned SMEs is estimated by the Open Society Initiative for Southern Africa (OSISA) to be approximately USD 20 billion. The disparity between the men and women's financial inclusion expanded from 6% in 2011 to 9% in 2014, which suggests that men gained more from financial sector innovation than women (World Bank, 2021[1]). This has significantly increased since the COVID-19 pandemic. Consequently, 61% of men and 70% of women were excluded from financial markets. The corporate sector dominates bank lending, which usually restricts loans to those working outside of the formal sector or to micro- and small-businesses — where women-owned businesses are more prevalent. This has given rise to the introduction of agency banking, micro-insurance, mobile money and bank-insurance business collaborations, which has become a turning point for financial inclusion.

Policy issue: Boosting financial inclusion with fintech

The South African Government has launched financial inclusion measures funded by fintech companies. These initiatives include the promotion of "digital tipping solutions" for low-income restaurant workers and "innovative payments technologies" for low-value cross-border trade. The National Treasury's "2024 Budget Review", which was released in February 2024, dedicates two pages to financial innovation for increasing competitiveness and inclusiveness while focusing most of its attention on the fiscal policy, expenditure plans, and economic forecast. In an appendix, the Treasury states (National Treasury, 2024[2]):

> *"Government is taking steps to promote the adoption of digital payments, which will help to improve the lives and livelihoods of marginalised groups. Public-private sector co-operation will be essential for successful implementation."*

However, it does not provide any indication that the strategy will strengthen the inclusion of women, who are also classed as minority group within marginalised communities.

Fintech is not specifically regulated in the retail investment sector in South Africa in which women predominantly operate. However, regardless of technology, any organisation that provides clients with investment management or advisory services for engaging in securities transactions would be subject to regulation. There is need to develop and implement policies that specifically address the financial needs and challenges of women entrepreneurs and ensure these policies promote fair lending practices, transparent terms, and non-discriminatory access to financial services.

Currently, cybersecurity, anti-money laundering, financial crime, and consumer protection are the primary regulatory compliance challenges that a fintech company faces in South Africa. The government could consider enforcing robust data protection laws to safeguard the personal and financial information of women entrepreneurs using fintech services. There is need for clear and transparent disclosure of all terms, conditions, fees and risks associated with fintech products aimed at women entrepreneurs.

Conclusions

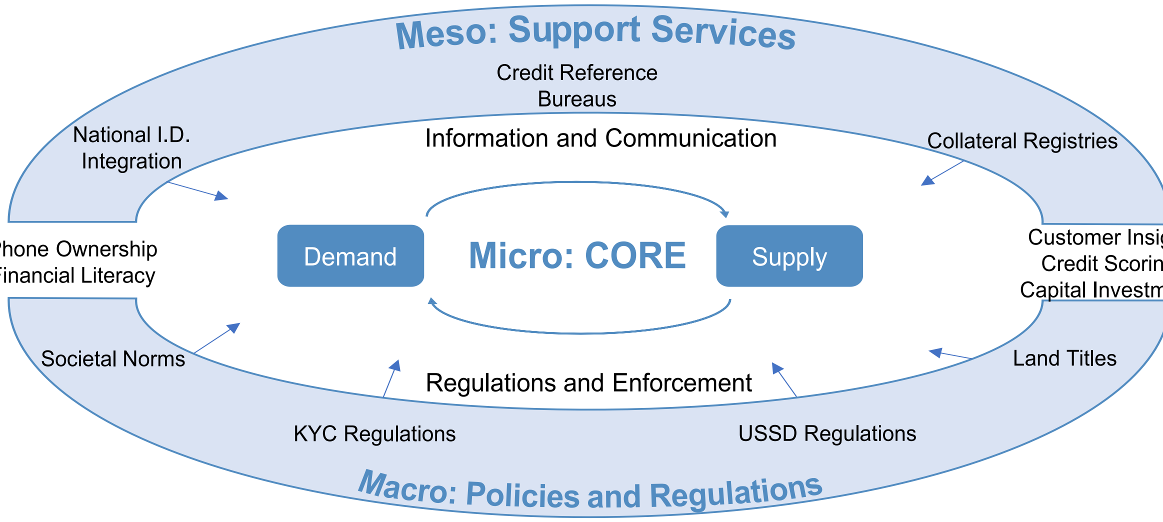
Based on the information that is currently available, women's lives have benefited from fintech innovation, though not significantly. Specifically, mobile financial services have improved and enabled women's financial resilience, ability to make decisions for the home, ability to generate money, and ability to invest in the health and education of their children. Fintech solutions are generally still gender-neutral and not tailored to the unique needs of women. Women continue to encounter greater obstacles than men in order to obtain financial services. Governments and financial institutions need to adopt a more comprehensive strategy to address supply-side problems as well as societal, legal, and market infrastructure limitations.

The government can adopt "making markets work for the poor" (M4P) framework that addresses barriers as a means of establishing inclusive and sustainable markets. Women's access to financial services is hampered by a variety of regulatory requirements. This includes legislation that restricts land tenure and "know your client" requirements since women are less likely to have a formal financial history. These conditions hinder women's access to financial resources and services and could be made more favourable by using the M4P framework to identify priority areas for women's financial inclusion in South Africa (see Figure 30.1).

At the meso-level, the South African Government could work further to ensure that there is market infrastructure and supporting functionalities to enable the processing of financial transactions; while at the macro-level, policies and regulations are needed for all actors to ensure competitiveness.

Unclear regulatory frameworks continue to create uncertainties for fintech companies and hinder innovation and growth in the financial sector (Pierrine Consulting, 2023[3]). The South African Reserve Bank could provide guidelines for the regulation of fintech arrangements between banks and non-bank entities. Comprehensive intellectual property laws are also required to protect innovators in the financial sector.

Figure 30.1. Priority areas for women's financial inclusion in South Africa



Source: Adapted from (GSMA, 2019[4]).

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31 Spain: Policy insights on fintech

Drafted by Leyre Celdrán Edo, AEFI Asociación Española de FinTech e InsurTech; and Professor Cristina Díaz-García, University of Castilla-La Mancha

Background

Fintech is generally associated with financial innovation (Zavolokina, Dolata and Schwabe, 2016[1]) that concentrates on three main areas: new payments systems, advanced risk management and alternative lending solutions (Langley and Leyshon, 2017[2]). A fintech organisation can be considered as "any organisation within the finance sector that uses innovative technology to simplify operations and improve financial performance" (Becker-McNabola, 2018[3]). Similarly, the traditional insurance industry has been improved and automated using innovative technologies (AI, Big Data, Blockchain, Machine Learning) leading to the insurtech sector.

In 2022, two laws were passed that were born with the aim of promoting and strengthening entrepreneurship, investment and talent attraction, known as the Start-up Law and the Create and Grow Law. According to the Government of Spain, the Start-up Law was created with two objectives (i) tax benefits and (ii) attraction of international investment and talent.

Spain continues to face political uncertainty as well as global economic and geopolitical uncertainty. This situation of instability is hindering the implementation of the specific proposals and objectives that these two laws brought to encourage entrepreneurship. This includes one of the most ambitious objectives of promoting women's entrepreneurship and eliminating the gender gap – a commitment included in the Agenda "Digital Spain 2025" (Spain, 2024[4]):

> *"It is of particular importance to eliminate the existing gender gaps, since our country will not be able to achieve the desired competitiveness if the necessary measures are not taken to incorporate the talent of women into the ecosystem."*

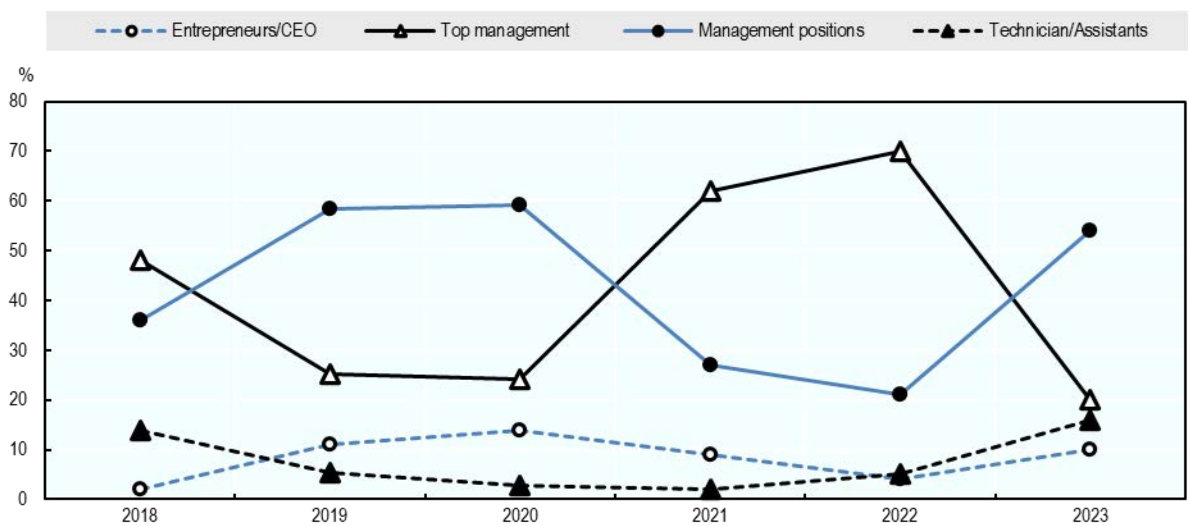
Therefore, it was also supported by the Plan of Recovery, Transformation and Resilience, which was communicated through the High Commissioner Spain Entrepreneurial Nation and dependent on the Presidency of the Government, but which disappeared in February 2023. This leaves the policy agenda currently without a clear driver.

Government support is essential to encourage more women to start and carry out innovative projects within the financial industry. Development is not easy, but there are mechanisms that facilitate the creation of companies in the fintech and insurtech sectors, such as the Regulatory Sandbox that was approved in 2020 which started its tenth call in September 2025. However, there is still a need to for initiatives to support women's entrepreneurship in the financial sector since a multitude of obstacles remain.

Policy issue: Women in the fintech sector – all that glitters is not gold

Both the fintech and insurtech sectors in Spain are examples of how optimistic forecasts that predicted improved access to financial products and services for women have not been achieved. This is demonstrated by the "VI FinTech Women Network Report" published by the Spanish Association of FinTech and InsurTech (AEFI). The AEFI has collected information about female talent within the ecosystem over the past six years. Although the number of women in senior management positions has grown strongly, women's entrepreneurship in the fintech sector in Spain remains very limited. Currently, only 1 in 10 entrepreneurs in the fintech sector is a woman, which is a decline from 14% in 2018 (Figure 31.1). This decline was largely due to the effects of the COVID-19 pandemic when women were more likely to give up their professional careers and abandon their business projects to take care of their relatives. After that strong impact, recovery in the numbers of women entrepreneurs within the sector has been slow. This percentage is in line with other developed countries with around 11-14% of firms founded by women (Khera et al., 2022[5]).

Figure 31.1. Share of women working in fintech, 2018



Note: Study conducted each year among the associated companies and partners of AEFI, which in 2019 represented more than 130 companies (693 women were surveyed representing 57% of the people employed in the sector) and in 2023 represented 180 companies (women representing 37% of the people employed/self-employed in the sector).
Source: (Spanish Association of FinTech and InsurTech, 2023[6]).

The AEFI carries out workshops to explore challenges faced by women, including questions, such as why are women less likely to start a business in this sector and what barriers do women face when they want to take off their professional career. These issues have been analysed and debated since 2018, and some conclusions have emerged:

1. Women have more aversion to failure than men, which is consistent with previous research (Schubert et al., 1999[7]; Charness and Gneezy, 2012[8]). In the last Women Fintech Network Report (2023), the majority of women (53%) believe they have had the same job opportunities as men (Spanish Association of FinTech and InsurTech, 2023[6]). However, nearly 45% of women state that they have had fewer opportunities than men in their work environment. Besides this, a significant majority (61%) affirm that they have had to exert more effort than men to achieve their current professional position. This perception has been decreasing since 2020; however, it has increased 30% in comparison to 2022 report. Therefore, gender barriers persist.

2. Access to financing and investment is more difficult for women, and they feel they are in a situation of inequality compared to projects led by men. This is also in line with previous literature (Greenberg and Mollick, 2017[9]), which stated that gender homophily has been known to affect start-ups, especially those led by women. Ewens and Townsend (2020[10]) find that male investors express less interest in women entrepreneurs compared to similar men entrepreneurs. In contrast, women investors express more interest in women entrepreneurs. Kanze et al. (2018[11]) identify that the funding gap originates with a gender bias in the questions that the investors pose to entrepreneurs, since they tend to ask men entrepreneurs promotion-focused questions (potential for gains) and women entrepreneurs prevention-focused questions (potential for losses).
3. Furthermore, a significant barrier faced by companies seeking to raise capital or attract investors is the lack of suitable spaces where they can (i) connect with potential investors in a friendly manner and (ii) address the insecurity they feel when sharing their business idea or model, especially when they lack protection against plagiarism or copying. Transparency regarding motivations and investment possibilities is crucial. Many entrepreneurs report spending considerable time on individualised searches for potential investors.
4. Women entrepreneurs lack role models within the fintech and insurtech sector.
5. The greatest barrier to entry into entrepreneurship in fintech and insurtech, regardless of gender, is the fulfilling bureaucratic and regulatory requirements. Many business models require authorisation or licensing from the Bank of Spain, the CNMV (National Securities Market Commission) or the DGS (General Directorate of Insurance) to operate. The licensing process can take up to two years, and post-licensing supervision is stringent, akin to that applied to major banks.

Conclusions

Creating an environment that facilitates the emergence of a competitive landscape for digital financial services while reducing bureaucratic and regulatory obstacles is crucial for fostering innovation and entrepreneurship in this field. Furthermore, fintech and insurtech companies play a significant role in expanding Spain’s business industry, generating skilled employment and promoting socially impactful innovative projects. Regulatory agility is essential for the sustainable development of this dynamic sector. Especially in the fintech and insurtech sector, there is low visibility of women’s entrepreneurship and little support for women that want to start a business. One of the ways that government could give a push to fintech for women entrepreneurs would be by applying the principle of proportionality when requesting a license or authorisation to develop a project in the financial industry, based on the company’s size and focus, recognising the difference between business-to-consumer (B2C) and business-to-business (B2B) enterprises. Policy makers could also consider a public-private investment mechanism for women entrepreneurs in the fintech and insurtech sector, for example following the model of the United Kingdom “Future Fund” initiative.

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32 Sri Lanka: Policy insights on microfinance

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Background

In Sri Lanka, women who own and operate micro- and small-businesses use microfinance loans as one of their key financial sources (Ranabahu and Barrett, 2018[1]; Ranabahu and Barrett, 2020[2]). The microfinance landscape in the country is diverse with various types of institutions providing microfinance lending services (Tilakaratna and Hulme, 2015[3]). Non-banking finance institutions, microfinance companies, non-governmental organisations, and thrift and credit co-operative societies are the most common types of microfinance institutions (Centre for Equality and Justice, 2023[4]; Tilakaratna and Hulme, 2015[3]). Institutions such as non-banking finance institutions and co-operatives are regulated and/or supervised by the Central Bank of Sri Lanka or other authorities under the provisions of the Finance Companies Act, Finance Leasing Act or Cooperative Societies Ordinance (Centre for Equality and Justice, 2023[4]). Under the Micro Finance Act No. 6 of 2016, microfinance companies and non-governmental organisations that accept deposits must be registered with the Central Bank of Sri Lanka (Central Bank Sri Lanka, 2023[5]). However, registration is not mandatory for lending institutions, and there are only four microfinance companies registered at the Central Bank of Sri Lanka (Central Bank Sri Lanka, 2023[5]). The lack of a comprehensive policy framework for registration and/or oversight of microfinance lending institutions has led to some client protection issues at the grassroots level (Right to Life Human Rights Centre, 2021[6]; Wedagedara, 2023[7]).

Among the rural, low-income, or war-affected communities, microfinance loans are widely used for business purposes (Ranabahu and Barrett, 2020[2]; Centre for Equality and Justice, 2023[4]). Women entrepreneurs use microfinance loans for starting businesses or developing existing businesses by investing loan money in bulk buying raw materials, buying equipment, and implementing new sales or marketing strategies (Ranabahu and Barrett, 2020[2]; Centre for Equality and Justice, 2023[4]). Several microfinance institutions, in addition to lending, also offer non-financial activities such as enterprise training, financial literacy programmes, and skill development programmes (Centre for Equality and Justice, 2023[4]; Ranabahu and Barrett, 2018[1]). These financial and non-financial services facilitate women's access to capital and information and enhance their entrepreneurial capacity and knowledge (Ranabahu and Barrett, 2018[1]; Ranabahu and Barrett, 2020[2]). However, the recent economic crisis, lack of entrepreneurial ecosystem support and COVID-19 pandemic have led to many business closures or women entrepreneurs abandoning their business ideas (Centre for Equality and Justice, 2023[4]; UN General Assembly, 2019[8]). Furthermore, women having multiple loans with high-interest rates, pushed by microfinance institutions beyond their repayment capacity, have led women to view microfinance as a debt trap, rather than a tool for entrepreneurial development (Centre for Policy Alternatives, 2023[9]).

Policy issue: Human rights and microfinance

There are reports of some microfinance loan providers violating the fundamental human rights of women in their lending and instalment collection practices (Right to Life Human Rights Centre, 2021[6]; UN General Assembly, 2019[8]). The most common violations are psychological and physical violence and undue pressure in debt collection. The staff of microfinance institutions visit villages for loan instalment collections. Generally, loan instalments are collected at village-level community meetings (Ranabahu and Barrett, 2018[1]). However, in case of a default or when women are unable to repay their loan instalments on time, staff of microfinance institutions use inappropriate language, visit women borrowers' homes, sometimes daily, and stay for hours until the instalments are paid back (Right to Life Human Rights Centre, 2021[6]; UN General Assembly, 2019[8]). Such practices affect social trust and women's reputation in the community. There are also instances of women subjected to domestic violence by their partners/husbands due to contract breach or losing the social trust among community members, suicides/suicidal attempts, sexual harassment, or women leaving their villages (Right to Life Human Rights Centre, 2021[6]; UN General Assembly, 2019[8]). The failure to address these types of institutional practices violates the Convention on the Elimination of All Forms of Discrimination against Women, ratified by the Sri Lankan government in 1981 (UN General Assembly, 2019[8]).

There are also reports of financial exploitation by microfinance institutions. The costs of microfinance loans (e.g. high loan interest rates, penalty fees) make it hard for women to recover when there is a sudden economic shock or a business failure (Centre for Equality and Justice, 2023[4]). In particular, when microfinance institutions take legal action for loan default, women lack the financial capacity to engage capable lawyers to represent themselves (Centre for Policy Alternatives, 2023[9]). There are power imbalances where companies "unduly pushed [sic] microcredit loan recipients to agree on 'settlements' in courts during litigation processes and link their responsibility of repayment to judicial orders" (Centre for Policy Alternatives, 2023[9]). There are also no appropriate grievance-handling mechanisms available (Centre for Equality and Justice, 2023[4]). These damage human dignity and further disfranchise women from accessing microfinance for entrepreneurial purposes.

Although a majority of the microfinance institutions provide local language loan documents (Lanka Microfinance Practitioners' Association, 2023[10]), there are cases of not having local language loan agreements or documents (Right to Life Human Rights Centre, 2021[6]). A study conducted in four districts in the country (i.e. Polonnaruwa, Trincomalee, Batticalo, Nuwara Eliya) identified that either the whole document or parts of the documents are in English (Centre for Policy Alternatives, 2023[9]). In these cases, women have been compelled to sign documents that they are unable to read or understand (Centre for Policy Alternatives, 2023[9]). This practice violates the language rights of communities and the Official Language Policy of the country as stipulated in the Constitution of Sri Lanka (Centre for Policy Alternatives, 2023[9]).

Conclusions

The human rights issues associated with the microfinance sector in Sri Lanka demonstrate that institutions need to restore credibility and trust in microfinance as a tool for development in order to promote women's entrepreneurship. The (re)introduction of the Credit Regulatory Authority Act, as the original Bill was challenged in the Supreme Court and withdrawn by the Ministry of Finance, could provide a foundation for addressing human rights violations (Parliament of Sri Lanka, 2024[11]; Transparency International Sri Lanka, 2024[12]). Getting the policy framework right, including the practicalities of enforcement, could enhance women's access to finance sustainably and promote entrepreneurship in line with human rights and international standards. Policy measures could include effective monitoring, supervising, client protection even at regional levels, training of microfinance staff, and an effective microfinance grievance handling mechanism.

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33 Sweden: Policy insights on how to target interventions effectively

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Background

Sweden, as many highly developed countries, tends to have a rather low level of entrepreneurship activity. The GEM studies, see for instance (Thulin et al., 2023[1]) or (Hill et al., 2024[2]), have also consistently shown that Sweden ranks high on opportunity-based entrepreneurship and low on necessity-driven entrepreneurship. There are several reasons for this: 1) the highly developed social security system that favours employment rather than self-employment and entrepreneurship, 2) the high emphasis on innovation and technology that favours growth of large tech-based firms (Sweden also ranks high in GEM in degree of intrapreneurship, i.e. being entrepreneurial while being employed for a firm that is not your own) and 3) Swedish policies on entrepreneurship focus more on firm level than on individual entrepreneurs. For example, there is no government body with an explicit focus on SMEs, instead a "mainstream" policy stance directed at innovation, technology and sustainability is used. Sweden also features a relatively small national market, with a population of approximately 10.5 million, over a large geographical area.

Despite the governments' more horizontal approach which supports the business environment at large and is more conducive on innovation and technology the majority of Sweden's 1.2 million firms are small – 75% are solo entrepreneurships and only 0.1% have more than 250 employees. Both women and men are mostly active in the services and trade sectors and work in SMEs – women even more so. The value added/employee is generally quite low in services and trade (around SKR 0.5 million). Women entrepreneurs primarily operate small and non-high-profit firms. The ratio of women's entrepreneurship to men's has not changed much over the past 45 years. In 1980 women entrepreneurs constituted 25% of the total (Sundin and Holmquist, 1989[3]) in 2023; this figure is estimated to be close to 30%, i.e. the growth of women's entrepreneurship has increased only marginally. In terms of policy measures, Sweden has long worked with mainstream perspectives but still there has been around 20 initiatives specifically directed to women's entrepreneurship. Only four of these have been quite large, including the national "Programme to promote women's entrepreneurship 2007-09" with an annual budget of SKR 100 million. Further details are outlined in a new report ordered from the Ministry of Climate and Enterprise (Tillväxtverket, 2023[4]). The report led to a newly decided programme launched by the government (approximately SKR 24 million). This new three-year programme focuses on young women's entrepreneurship, public procurement rules affecting women, statistics on women's firm ownership, women's access to private and public funding and events linked to International Women's Day 2024-2026 (Government decision (*Regeringsbeslut*) KN 2024/00614).

The Swedish mainstream public policy, as well as private initiatives, has so far not specifically addressed capital needs of women entrepreneurs. Limited attention has, however, been given to certain aspects of financing in the case of women entrepreneurs (i.e. microfinancing and venture capital issues).

Policy issue: SMEs' access to finance

Public policy has to some degree acknowledged that women entrepreneurs are less likely to receive external funding. This is long-established in the research literature (see for instance (Coleman, 2000[5])), and there are a range of views on the factors behind this gender gap. One reason that is put forth is that women and men operate firms in different sectors which means that the financial needs and conditions become different. There are also differences in financial aspects of firms due to the entrepreneurs' motivations (e.g. necessity- vs. opportunity-driven start-ups). Nonetheless, access to financing is essential for all firms and hence, public policy should ensure that women entrepreneurs can access finance on the same terms as men entrepreneurs. This demands that data on (at least) public funding (e.g. loans, guarantees, grants etc.) are fully collected by gender, but this is not the case. In Sweden for instance, ALMI used to have statistics on the share of applications as well as the share of granted financing for women and men but now only summary data on granted financing is available (women received 27% of loans and 20% of risk capital in 2023).

The issues that policy makers in Sweden have recently dealt with concern two specific financial situations: 1) financing of start-up for women entrepreneurs with needs for less funding (e.g. microfinance, social entrepreneurship projects) and 2) growth financing demanding large investments (e.g. venture capital funding). The challenges in these situations are generally quite different. For necessity-based women entrepreneurs, a general lack of financial, social and human capital constitutes a challenge while the obstacle for the high-growth women entrepreneurs is the skewed access to venture capital (Lassébie et al., 2019[6]; Brush et al., 2004[7]). In Sweden, less than 1% of venture capital currently goes to women entrepreneurs. These two financial situations are now on the agenda, and there is awareness of the challenges for women entrepreneurs in these situations (i.e. both situations were topics for the roundtable discussions the Ministry of Climate and Enterprise held in 2023 in preparation for the programme to support women). There are also some active measures directed towards these two situations, as *Tillväxtverket's* programme for immigrant women or the venture capital firms' active work to increase the share of women entrepreneur firms in their portfolios (as witnessed by several VC firms during the roundtable discussions).

Important as these two financial situations are, they do not represent the bulk of day-to day financial needs of women entrepreneurs. The majority of women entrepreneurs run firms that are neither purely necessity-based nor high-growth firms. Most women entrepreneurs in Sweden as well as globally (GEM, 2023[8]) run SMEs in the services or trade sectors – mostly personnel intensive with low value added/employee and low margins. The financial needs of this group are neglected. Most entrepreneurs rely heavily on specific sources of capital – personal capital, equity and bank financing. Data from the Swedish bankers' association (Swedish Bankers Association, 2024[9]) shows that almost half of the financing of firms comes from bank loans, a quarter comes from the securities markets and only a small fraction from venture capital firms.

As the entrepreneurs' association *Företagarna* shows that SMEs have problems being granted external capital (Företagarna, 2023[10]). The report cites statistics that lending to large firms, and even to the household sector, is much bigger than to SMEs. The report points to three reasons: high demands on personal collateral,[1] high costs (e.g. interest, fees etc.) and lenders do not understand the business. The report also shows that the skewed distribution between financing to large firms relative to SMEs is increasing over time. SMEs report that they mostly finance firm investments by using firm's liquidity and/or current equity (80%), buying with credit (15%), loan from owner/family/friends (13%), new bank loan (11%), and new equity (10%). The smaller the firm the higher the reliance on equity and personal capital. There is no data on possible differences between genders, but most likely women are even more dependent on financing by means from their firms or from their personal sources given that women tend to have smaller firms and also rely on internal capital for growth.

These financial challenges for this majority of women entrepreneurs are obstacles for start-up, notably for day-to-day running of a firm and for firm growth. However, these obstacles are not currently high on the policy agenda (nor on research agendas). Using personal living quarters as collateral to acquire a bank loan to start a firm exposes the individual to a situation of double risk – firm risk and personal risk. A practical example of such a recent challenge for a SME in the retail sector was an increase in the employer's tax for young people (it was lowered during the COVID-19 pandemic) at the same time energy prices and commercial rents increased substantially. For many SME retailers, this has led to an increase in operating costs of more than 20% – at a time where demand was decreasing.

Another challenge is that SMEs often have to accept that large firm suppliers and customers use SMEs as "banks" by demanding short credit times when SMEs buy and long credit times when SMEs sell. Challenges such as necessity of heavy personal collateral to get loans, day-to-day liquidity and costs of financing (e.g. interest, fees, payment time deficits), all make it harder for the majority of women entrepreneurs to start a firm, to maintain and grow it. This in turn negatively impacts women's entrepreneurship; for instance, women entrepreneurs are known to not only have lower entrance rates into entrepreneurship but also to often have higher exit rates (GEM, 2023[8]).

Conclusions

Overall, access to capital for women entrepreneurs seems to be even harder than for men. Several researchers argue that neglecting gender issues in public policy (i.e. not taking a gender perspective) leads to a negative gender bias (Coleman et al., 2019[11]). It can be argued that the neglect of the conditions for financing for SMEs, especially in the services and trade sectors, leads to a gender bias. Therefore, policy could pay more attention to the financing of entrepreneurs in these sectors, which will likely lead to better financial conditions for a large part of women entrepreneurs.

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Note

[1] Incidentally, the BASEL framework that impacts bank policy on securities may play a role here since risk management for banks have changed to being based on market value and hence favours physical assets.

34 Tanzania: Policy insights on microfinance

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Background

There has been a strong post-pandemic recovery in Tanzania over the period of 1 July 2022 to 30 June 2023, reaching 5% annual growth rate in Gross Domestic Product (GDP) (World Bank, 2023[1]). This was achieved following the implementation of structural reforms for strengthening the competitiveness of the economy, improving both business and investment environment and greatly reducing the costs of regulatory compliance.

Micro-, small- and medium-sized enterprises (MSMEs) play a significant role in the economy as they create jobs, boost productivity, generate income, foster innovation, and contribute towards the general economic growth of the nation (Swid, Ruboko and Maro, 2023[2]). However, many micro-enterprises face multiple constraints in accessing capital and other essential resources. Evidence suggests that only 30% of Tanzanian MSMEs can access mainstream financial services (Ishengoma, 2018[3]) and face several barriers due to tight financial regulations and poor technologies.

Most women entrepreneurs operate in the informal sector and have low and irregular incomes. However, most prefer to remain informal due to a lack of awareness of the clear benefits of being formal (ILO, 2014[4]). Despite their informal status, women-led businesses focus on generating income for themselves and their extended family members. Most of these women conduct small-scale activities such as informal food catering, food vending, beauty salons, and roadside/open markets, the most neglected sectors by commercial banks.

Recent studies reveal that women entrepreneurs in Tanzania continue to face significant barriers to accessing finance for business creation, including microfinance (Nziku and Forson, 2021[5]; Mng'ang'a, Nyabakora and Nyagali, 2020[6]; Nziku and Henry, 2020[7]). One of the major obstacles is related to the lack of rights for women to own assets that can be used as collateral to obtain start-up capital from financial institutions. Most commercial banks require land title deeds to guarantee any loan, but married women cannot provide title deeds to the banks as collateral without the husband's permission (Gender Land Taskforce Tanzania, 2013[8]). The inequality in land ownership lies in the traditions and customary practices that favour men rather than women (Lusasi and Mwaseba, 2020[9]; Mhango, Malima and Lukumay, 2014[10]). Following the traditional norms, any married woman belongs to their husband's family; as a result, the land which is family property must be retained and given to men allowing them to be far better off financially than women. However, some women may have land without title deeds due to a lack of affordability of registration costs.

Policy issue: Access to microfinance for start-ups

Most of the financial institutions in Tanzania are reluctant to offer loans to informal businesses because they lack collateral, and it is difficult to collect basic information about the entrepreneur. These businesses, therefore, tend to approach microfinance institutions (MFIs) to secure funding. Usually, MFIs offer loans to those who do not have assets and charge low interest compared to banks. However, MFIs face several challenges in delivering financial services to women entrepreneurs.

One of the main challenges for the microfinance sector in Tanzania is that MFIs lack a wide geographic coverage. The lack of MFIs is largely observed in rural areas. This leaves the majority of women entrepreneurs in rural areas reliant on family, friends or other informal sources of funding. This significantly limits the amount of funding that can be acquired, hindering the businesses potential development.

Another issue is that MFIs, such as the Savings and Credit Cooperative Society (SACCOS), tend to lack capital investments since they have difficulties borrowing money from commercial banks. Most MFIs avoid borrowing more from commercial banks due to high interest rates charged since their members pay low interest rates. Therefore, MFIs rely on deposits from their member/clients with a large percentage in returned lending to borrowers who agree to pay interest.

A close analysis of the current microfinance policy reveals, despite a moderate increase in the number and types of commercial banks and MFIs, access to formal financial markets in Tanzania continues to remain relatively low. This is due to the lack of collateral and the absence of reform to implement policy which can support women entrepreneurs in urban and rural areas. In addition, most women are financially excluded and have a low intake to access financial services, particularly in rural areas because they lack the required assets required as a collateral to obtain loans. Despite the availability and accessibility of MFIs, they still have not contributed substantially to reduce women entrepreneurs' income poverty. Most women borrow money from families and friends, but these informal channels often lead to paying back loans with high interest rates among other problems (Brown et al., 2015[11]). Therefore, barriers related to the lack of availability of money among families and friends restrict the development of women-led businesses.

Conclusions

The government has made significant progress in recent decades in implementing entrepreneurship policies. This includes implementing actions under the National Strategy for Growth and Reduction of Poverty (2010-15), National Microfinance Policy (2017) and Tanzania's Development Vision 2025, which seeks to tackle gender inequalities by 2025. Despite such efforts, women entrepreneurs continue to face great challenges accessing finance. One of the most significant issues is that MFIs lack capital investment and avoid increasing their pool of funds by borrowing from commercial banks. This, combined with a lack of presence in rural areas, undercuts the potential for MFIs to facilitate access to finance for women entrepreneurs. One potential solution is that MFIs could be offered incentives to expand operations in rural areas.

Another challenge is that many of the current programmes and initiatives are not designed to support women entrepreneurs who operate very small and informal businesses. Existing initiatives, such as Export Credit Guarantee Scheme (ECGS) cover up to 75% of the principal amount of the credit and Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS) which cover up to 50% of the principal amount for credit facility between TZS 50 million and TZS 1 billion, have contributed little to alleviating poverty among women. Those schemes were not designed to support most women entrepreneurs who operate in informal sectors.

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35 Uganda: Policy insights on how culture influences access to finance

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Background

The micro-, small- and medium-sized enterprise (MSMEs) sector accounts for 80% of GDP (UNCTAD, 2022[1]), and 40% of all micro- and small-enterprises are women-owned (Mastercard, 2020[2]), which demonstrates women's entrepreneurial contribution to the country's economic growth. However, women earn 30% lower profits than men on average, and they tend operate smaller businesses that are concentrated in lower value-addition sectors where profit margins are slim. Women entrepreneurs also continue to face a myriad of structural and gender-specific barriers when accessing enterprise finance (Puerto, 2022[3]). Although there is no specific legislation or stand-alone national entrepreneurship policy (UNCTAD, 2023[4]), the Government of Uganda has rolled out several programmes and initiatives since 2015 to unlock the women's entrepreneurial potential through skills development and improved access to affordable finance.

Recent policy actions include the MSMEs Policy (2015-25) and National MSME Strategic Plan 2016-17 to 2020-21 developed by the Ministry of Trade, Industry and Co-operative (MTIC) to promote MSMEs development, private sector growth and accelerate the development of an entrepreneurial culture. This policy aimed to address major challenges faced by MSMEs and entrepreneurs, including limited access to affordable finance, appropriate technology, adequate business and technical skills, markets and business information, infrastructural facilities, quality assurance and affordable product certification services. In addition, Uganda Women Entrepreneurship Programme (UWEP) was launched in 2015 by the Ministry of Gender, Labour and Social Development to improve women's access to affordable finance by providing interest-free enterprise funds and provided needs-based training. This sought to address the low levels of lending to women entrepreneurs by mainstream financial institutions due to limited amounts of collateral.

Policy issue: Socio-cultural issues affecting access to finance

The underlying social structures and restrictive gender norms are the major socio-cultural factors influencing women's access to finance (Kusimba, 2018[5]; Myamba, 2023[6]). Society, like many others in Africa, is characterised by socio-cultural attitudes and practices that privilege boy's education over girl's (Bantebya, Muhanguzi and Watson, 2014[7]). As such, women's low levels of formal education and financial literacy hinders their access to affordable financial services from mainstream financial services. Therefore, they are often considered to be lacking credibility and creditworthiness compared to men (Eton and Nkamusiima, 2023[8]). In addition, there are restrictive patrilineal customary laws and cultural practices related to land ownership whereby men have individualised land ownership rights (Ngunjiri, 2018[9]). Over 80% of land administered under customary law is owned by men, passed on to men through inheritance and managed by men (Adoko, Akin and Knight, 2011[10]). As such women have limited access to and ownership of capital assets such as land (which is owned by men). Consequently, women fail to meet the collateral security requirements for accessing loans from mainstream financial institutions (Myamba, 2023[6]). Furthermore, gender-based digital financial exclusion and women's digital illiteracy contribute to the difficulties of obtaining digital financial services (Holloway, Niazi and Rouse, 2017[11]).

To address the major challenges facing women's lack of access to affordable finance, the government offers enterprise funds for women entrepreneurs issued under Uganda's MSMEs strategic policy and UWEP programmes towards achieving Uganda's Government Vision 2040. However, few women entrepreneurs are able to benefit from these policy interventions and programmes and concerns have been raised about the size of their impact. Moreover, these programmes have not resulted into substantial economic gains in uplifting the socio-economic status of women especially those in rural communities trapped in poverty. Similarly, women in rural areas of largely excluded due their peripheral positioning and rural spatial dynamics that lead to a low level of awareness about the opportunity to access these funds (Guloba, Ssewanyana and Birabwa, 2017[12]).

Conclusions

Actions along several axes are needed to address the multiple levels of socio-cultural barriers faced to achieve the overarching MSMEs strategic objectives of enhance the MSMEs growth. These include promoting women's economic empowerment, increasing financial education and addressing legal obstacles to land ownership which hinders the ability of women to access credit due to a lack of collateral.

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36 United Kingdom: Policy insights on loan schemes

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Background

On average over the period 2015 to 2021, women-led businesses accounted for 19.5% of the total SME population in the United Kingdom. However, women-led businesses are disproportionately concentrated in the youngest age classes of business and are, on average, younger and have a higher representation amongst unregistered zero-employer businesses. There are also some important industry sector differences in women-led businesses with relatively high concentrations in accommodation and food (28.5%), administrative services (22.5%), and wholesale and retail (20.9%). These were all industry sectors that were disproportionately impacted by the COVID-19 pandemic lockdowns in the United Kingdom (Calabrese, Cowling and Liu, 2022[1]). On average, women-led businesses are less likely to be profitable than men-led businesses and this, in part, relates to the industry sectors they are concentrated in that are often highly competitive with low profit margins and low barriers to entry.

In terms of their financing, they generally have a lower demand for capital but are also more likely to have a latent need for more finance. They are also more likely to be discouraged from making a formal application for finance. However, they are less likely to put forward hubristic applications for finance and, on average, are more realistic about their chances of success when they do (Liu and Cowling, 2024[2]). This gives rise to an interesting feature of capital markets, in particular the market for SME lending. Women-led businesses in the United Kingdom actually have equal access to bank loans in "business as usual" times and better access to bank loans in periods of crisis when lenders place particular value on cautious, well thought out, and modest loan applications (Cowling, Marlow and Liu, 2020[3]). But, this outcome manifests itself only if women-led businesses actually put forward funding applications and this is less likely to be the case despite clear evidence that they have a more than an even chance of receiving funding if they apply. In general, UK estimates of the probability of discouraged borrowers being approved had they applied for a bank loan suggest that more than 50% would have received a loan offer (Cowling et al., 2016[4]).

However, there are also some concerning aspects of women-led business' interactions with the debt market that merit consideration. Firstly, while profit and the provision of loan security generally increase the willingness of banks to advance loans, the positive effects are somewhat less for women-led businesses. Not all profit and security are equal it seems when considered through a gender lens. However, it is also the case that if women-led businesses hold a large cash surplus on their balance sheets, then this acts in a disproportionately positive way when encouraging banks to advance loans. These two profit and security features are particularly important as women-led businesses, often located in low capital and asset intensive services, are less likely to have security *per se* and, on average, generate lower levels of free cash flow. The low capital requirements help explain the generally lower level of demand for capital.

However, they also act against women-led businesses who do apply for bank loans as they are less likely to have physical assets to secure loans against. The lower levels of free cash flow generated also mitigate against women-led businesses being able to build up significant cash balances and this has two effects: First, it reduces women-led businesses ability to self-fund new investment. Secondly, it limits their ability to send a positive signal to lenders that they can service the loan capital and interest repayments.

In terms of the direction of UK policy, the main focus for decades has been to implement national policies and schemes that are focused on alleviating capital constraints for start-ups and businesses seeking to grow. In crisis periods, the focus has shifted towards supporting the liquidity of smaller firms to ensure survival. In these respects, policy has not explicitly focused on gender per se, rather on the types of firms who faced the greatest difficulties in accessing finance. In this respect, if any specific group of the business population faced particularly acute problems with accessing finance, then they would be disproportionately represented amongst firms who were able to access public support. For example, in the COVID-19 pandemic, firms in consumer facing industry sectors such as retail and hospitality faced the most severe impacts from lockdowns. As these industry sectors had the highest representation of women, then it naturally follows that women-led businesses would have a higher representation on the pandemic support schemes.

However, it could be argued that whilst these policy interventions, particularly in capital markets, went a long way to addressing genuine problems with access to finance for younger and smaller businesses who were unable to access market funding through conventional means, with a significant degree of success over many decades, there are other significant problems that manifest themselves much further back in the causal chain that may ultimately lead to making a successful bank loan application. The first appears to be a misguided perception that banks are less likely to offer a women-led business a loan and this is not the case. This leads to women-led businesses self-excluding from the loan market. The second issue relates to a relative deficit in terms of physical assets which is the banks preferred source of loan security. On average, this deficit is apparent for personal and firm assets. This is a significant constraint on the ability of women-led businesses to access external finance, and one which should be most evident at the start-up and early stage.

Policy issue: Access to start-up finance

The Start-up Loan scheme (SUL), supported by the British Business Bank since 2012, has been the main scheme that specifically seeks to help entrepreneurs overcome the constraints on access to capital at the start-up stage when businesses lack any track record and information-based problems are most severe. Considering the physical asset deficit that women-led businesses have compared to their male peers, then it follows that women-led business start-ups will face more severe access to finance problems at the start-up stage. No track record and limited personal or business security are not a good start when applying for a bank loan in the United Kingdom.

The SUL scheme, since September 2012, has followed a long tradition of UK public policy interventions to support individuals' entry into self-employment and new business start-ups (Meager, Bates and Cowling, 2003[5]). The British Business Bank formally administers and manages the SUL scheme with the objective to promote new business start-ups amongst individuals who were constrained from doing so by a lack of access to capital. Start-ups with the age up to 24 months can be supported by the scheme. Formally an individual applicant needs to fulfil the condition that all potential market borrowing options are exhausted. The SUL scheme includes the potential to access financial resources through subsidised loans. The maximum amount for the loan is GBP 25 000, with a fixed interest rate of 6%, which is set to be below the commercial bank lending rate to start-ups. Repayment is for a minimum term of one year and a maximum of five years, although repayment holidays are allowed. No arrangement or early repayment fees are charged (BBB, 2020[6]; BBB, 2023[7]). Alongside the SUL funding, participants can benefit from co-operation with a business mentor for the first 12 months through an assigned delivery partner.

In total, between 2012 and 2022, 39 161 women-led start-ups borrowed a total of GBP 364.8 million and 58 885 men-led start-ups borrowed a total of GBP 592.7 million under SUL. To assess the relative success of a public policy in addressing access to capital for new business start-ups, the most fundamental measure is whether by alleviating a constraint this resulted in superior outcomes for the most constrained (or disadvantaged) groups. It follows that if women-led new start-up businesses were the most constrained in the market, then the support provided by the SUL scheme should generate superior outcomes.

The key feature of SUL is that women's representation is high at an average of 40%, which is twice their business population representation and one-third higher than in UK self-employment, and that the trend line shows increasing women's representation over time. A very positive and unintended consequence of the scheme is that tens of thousands of women entrepreneurs were given the support that, in its absence, may have prevented or discouraged them from starting their new business. Further, there is clear evidence that women supported through the SUL scheme had significantly higher survival rates compared to their male peers (+17.3%). This is clear evidence of a policy that achieved positive outcomes *per se*, but more so for women.

Conclusions

Evidence for the SUL scheme is strong in that it clearly suggests that a carefully designed scheme that provides financial support as well as offers soft support to facilitate the transition into new business start-up has delivered for women entrepreneurs both in terms of the number of women that have accessed the scheme and in terms of their outcomes. Importantly, the SUL scheme is gender-neutral in its design and conception but not in its participation and impact. Thus, a well-focused scheme that aims to help new start-ups get up and run will naturally attract those who face the most significant barriers to starting their own business. A recommendation that might lead to an overall increase in women participating in the SUL scheme would be to share examples of women who successfully transitioned to an independent career pathway across women-based professional platforms and associations, such as UK Women Business Club or the British Association of Women Entrepreneurs (Terrell and Troilo, 2010[8]; Byrne, Fattoum and Diaz Garcia, 2019[9]; Dvouletý et al., 2022[10]). This would promote experience sharing and discussing challenging aspects of business start-ups among women. We have also highlighted a wider deficit facing women-led businesses in respect of physical assets that could be used to secure bank loans against.

Discussions with the British Business Bank and approved lenders to understand why SUL is able to engage so successfully with women start-up entrepreneurs uncovered that there is a residual distrust of commercial banks and that SUL approved lenders who tend to be local, not-for-profit, business support providers (largely Community Development Finance Institutions, CDFIs), which tend to be more attractive to women entrepreneurs. It is also the case that the online application platform and the fact that the majority of the business plan/application development is conducted in an online bilateral way rather than sitting in a bank branch office, which can be intimidating for novice entrepreneurs. In addition, a key feature of the SUL loan is that it is a personal, rather than a business loan, which support agencies stated was more attractive to women entrepreneurs. The British Business Bank also suggested that the SUL mentoring appears to play an important role in demand for the programme amongst women and building support networks, as evidenced by the fact that a significantly higher proportion of women entrepreneurs who took advantage of the mentoring offer, and that women were more likely to self-select into attending support webinars. Finally, the place based local delivery partners have a stronger local presence and widespread networks in communities which enables them to reach out to women entrepreneurs more easily.

Potential directions for future policy development include developing a common framework for sharing the experiences of women-led new business start-ups who accessed support to raise awareness and promote higher take-up among women into start-up schemes, increasing the use of loan guarantees, offering greater financial and softer advisory support, delivering schemes through local delivery partnerships, particularly not-for-profit partners, and building a strong online presence to encourage women entrepreneurs to engage in support.

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37 United States: Policy insights on growth capital

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Background

Women entrepreneurs were more likely to have borne the burden of home and family care during mandated shutdowns during the COVID-19 pandemic (Global Entrepreneurship Monitor (GEM), 2022[1]). Similarly, women-owned firms were more heavily concentrated in service-oriented businesses that were the most vulnerable to these types of restrictions (OECD, 2021[2]). Despite the challenges, however, women-owned firms, including growth-oriented firms, made a strong comeback in 2021-22, aided by sources of financial capital that included crowdfunding and a growing number of women-focused and women-friendly angel investor and venture capital funds. It looked like women entrepreneurs were "out of the woods" (Sohl, n.d.[3]). By 2023, however, the cumulative effects of inflation and rising interest rates began to take their toll in the form of banking sector distress and higher levels of risk aversion combined with a dramatic decline in angel and venture capital investing (PitchBook/NVCA, 2024[4]).

Policy issue: Access to growth capital

Given that many women-focused and women-friendly angel and venture capital funds are both newer and smaller, women entrepreneurs seeking financial capital from these sources may experience greater challenges during uncertain times. Consistent with this, findings from a 2022 report published by the Angel Capital Association (ACA) found that "the path to greater diversity in angel investing is proving uneven, with women CEO's making gains in the level of investment, but declining in overall number of CEOs landing deals" (Angel Capital Association, 2022[5]). Similarly, the ACA's 2023 year-end report stated that "[t]here is still significant progress needed to bridge the gender funding gap" (Angel Capital Association, 2023[6]). To highlight these points, women CEOs accounted for only 25% of all angel capital deals in 2022, a decline of 31% from 2020. Simultaneously, the average seed investment for men CEOs in 2022 was 30% higher than was the case for the average women CEO, illustrating that women entrepreneurs were less likely to be funded and those who were funded were more likely to receive smaller allocations of financial capital.

Chair Emeritus of the Angel Capital Association, Marcia Dawood[1], provided some insights as to why women represent a smaller piece of the funding pie and why those who are funded receive smaller levels of funding (Dawood, 2024[7]). First, Ms. Dawood contends that "we need more women writing checks!" She noted that women are less likely to grow up in an investing environment than men. Thus, they are less familiar, less comfortable, and less confident in their own investing abilities, all of which leads them to invest smaller amounts or not to invest at all. Second, women investors do not necessarily have the "generational networks" that men have (i.e. professional groups, clubs, sports, and other activities that contribute to the formation of men's networks which act as an important source of information and connections). Third, the majority of fund General Partners (GPs) do not have the time or money to provide women Limited Partners (LPs) with educational support and training. This is particularly true of newer firms and smaller firms – a growing number of which are being launched by women.

Consistent with Ms. Dawood's observations, Harrison et al. (2020[8]) drew upon the stereotype threat theory to help increase our understanding of women's performance in different angel investor environments. According to the stereotype threat theory, individuals who are stigmatised have a fear of being judged or treated stereotypically. This, in turn, can lead to suboptimal performance in the activity being judged (Spencer, Logel and Davies, 2016[9]). As an example, some women angel investors who represent a minority in male-dominated angel funds may be less confident, less willing to ask questions or put forth their ideas, and more reluctant to invest. Similarly, survey data from the United Kingdom revealed that women investors who were part of women-only funds made significantly more investments than women in mixed-gender funds, even though both had similar levels of experience. Similarly, women in women-only angel groups relied more extensively on gatekeepers and other group members for advice and support than was the case with members of mixed-gender groups. These findings led Harrison et al. to conclude that "there is a case for women-only angel networks and training programmes to mitigate the performance and participation consequences of stereotype threat" (2020[8]). Simultaneously, however, Harrison et al. came to the conclusion that not all women investors are alike (2020[8]). Thus, some may benefit from and prefer a women-only angel group while others may prefer being part of a mixed-gender group.

On the venture capital front, the National Venture Capital Association (NVCA) together with PitchBook found that investment in women founders fell sharply from 2021 to 2022 (PitchBook/NVCA, 2024[4]). Further, investment in women fell again between 2022 and 2023 causing women founder deals to drop from 4 987 in 2021 to 3 266 in 2023, a decline of roughly 35%. Overall, women founders represented 24% of all deals in 2023, again a slight decline from 25% in 2022. All-women-founder firms fared even worse, with women-only founders representing less than 7% of total deal count in 2023 and receiving only USD 3.1 billion, or less than 2%, out of USD 170.6 billion in total deal value.

These findings point to a continued need for policies targeted toward women investors and women who are considering becoming investors. Specifically, women investors need networks and education, both of which can be targeted to their needs and both of which can build knowledge, experience and self-confidence. These measures could be developed and administered by organisations such as the Angel Capital Association and the National Venture Capital Association as both already have experienced investors including experienced women investors to draw upon. As an example, the ACA is already building out its educational capabilities to incorporate classes (in person and online), webinars and guest speakers. Within the context of networks and education, the role of government is to articulate policies and desired outcomes for these categories and to provide funding for critical programmes and supporting infrastructure, thereby paving the way for private industry to build networks, drive education, and train the next generation of investors and entrepreneurs.

In addition to creating a strong foundation for women angel and venture capital investors, it is also essential to create an ecosystem that supports both women investors and the funds that they invest in. Recently, concerns for protecting investors have led to policy recommendations for stronger regulatory measures that could be overly burdensome for smaller funds (Securities and Exchange Commission, 2023[10]). Specifically, the Securities and Exchange Commission put forth new rules and amendments to "enhance the regulation of private fund advisors and update the existing compliance rule that applies to all investors" (Securities and Exchange Commission, 2023[10]). Included as a part of this rule is a requirement for quarterly statements requiring information on private fund performance, fees, expenses, an annual audit, and a fairness or valuation opinion in connection with adviser-led secondary transactions (Securities and Exchange Commission, 2023[11]). Each of these new requirements would add additional time and costs that could be particularly difficult for smaller and newer firms to provide.

In response, a coalition of asset management associations, including the National Venture Capital Association, announced their intent to file suit against the SEC in order to prevent the new rule from being adopted. The United States Court of Appeals for the Fifth Circuit Court ultimately decided the case in favour of the asset manager associations (United States Court of Appeals for the Fifth Circuit, 2024[12]). Lawsuits between regulators and financial capital providers do not make for a healthy or supportive entrepreneurial environment. Among other considerations, litigation such as this leads to uncertainty in the financial capital market, such that those who might launch a fund and those who might invest in it decide that the risks are too high. Thus, quandaries such as these have the potential to reduce sources of financial capital at a time when the United States is poised for significant innovation and growth in areas such as computer chips, artificial intelligence and machine learning, and life sciences and health care.

Conclusions

Women entrepreneurs are less likely to launch growth-oriented firms, and those who do so have greater difficulties than men entrepreneurs in securing sufficient financial capital to launch and grow their firms. This is particularly evident in traditional sources of growth capital such as venture capital and angel investing, where research points to fewer deals and smaller investments for women. These discrepancies are at least partially due to the fact that there are fewer women investors and decision-makers. Conversely, funds where decisions are typically made by men tend to gravitate toward men entrepreneurs and industries that are familiar to them. Therefore, more women investors are needed. The number of women investors has increased in recent years. Nevertheless, nascent women investors could benefit from forms of support that include networks, education, and a supportive regulatory environment.

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Note

[1] Marcia Dawood was the chair of the Angel Capital Association, a national and international organisation, from July 2021 to July 2023. The ACA is comprised of 250 angel groups and 16 000 members. Ms. Dawood was selected to serve on the Securities and Exchange Commission's Small Business Capital Formation Advisory Committee in 2023 and will serve until June 2027. She became chair of the Board in 2025. In addition, she holds investments in more than 50 early-stage companies and funds.

38 Wales, United Kingdom: Policy insights how to target interventions effectively

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Background

Wales, located in the southwest of the United Kingdom, had a population of 3.13 million and a GDP of GBP 79.7 billion in 2021 (Welsh Government, 2023[1]; Welsh Government, 2023[2]). Overall, Wales (United Kingdom) fosters a supportive environment for women entrepreneurs, despite representing only 3.3% in 2023 of all UK companies (a decline from 4.1% in 2022) (The Gender Index, 2022[3]; The Gender Index, 2023[4]), particularly through finance, business services, and IT supports. Indeed, over the last two decades, there has been a notable increase in Welsh women's entrepreneurial activity, with early-stage entrepreneurship rising to 9.8% in 2021 from 5.9% in 2020 (Bonner et al., 2022[5]). Consequently, the participation rate of women-led companies has increased slightly from 19.4% in 2022 to 19.7% in 2023 (The Gender Index, 2022[3]; The Gender Index, 2023[4]).

Welsh women-led companies are attractive investment opportunities, as they grew annual turnover by 16.0% compared to 13.5% for male-led companies for the year 2023 (The Gender Index, 2023[4]). Wales (United Kingdom) stands out as having the highest proportion of women-led high-growth companies[1] across the United Kingdom nations[2] for 2022 (16.6%) and 2023 (15.9%) (The Gender Index, 2022[3]; The Gender Index, 2023[4]). While the ratio of women-led companies to all companies is lower than the overall UK ratio, Welsh women-led companies outperformed those in English International Territorial Levels (ITLs) 1 regions and other devolved nations by demonstrating greater success in securing external finance, approximately 25%, which is higher than Scotland (United Kingdom) and England (United Kingdom) (Henley, 2024[6]).

Policy issue: Women entrepreneurs' access to finance

The government policies[3] of the United Kingdom often offer tax incentives to investors, fostering capital flow to start-ups, in particular the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS) which are open to all qualifying start-ups, irrespective of gender of founder. Since 2016, GBP 247 million has been invested in 785 Welsh companies via these schemes (HM Revenue & Customs, n.d.[7]) with 19.1% going to women-led companies in 2022 and 17.9% in 2023 (The Gender Index, 2022[3]; The Gender Index, 2023[4]). However, a 2024 legislative change to the definition of a "High Net Worth" individual had the potential to reduce the pool of qualifying angel investors, prompting concern from stakeholders about its impact especially on women and ethnic minority investors. FinTech Wales[4] among others argued that the new legislation was likely to have a disproportionately negative impact on UK ITLs 1 regions outside London (Fintech Wales, 2024[8]), where there are normally fewer eligible angel investors at that new qualifying threshold. Strong lobbying efforts (Startup Coalition, 2024[9]) have led to the Government of the United Kingdom to reverse the legislation to maintain the original qualifying threshold.

There are numerous sources of finance available for Welsh entrepreneurs. The Investment Fund for Wales has a GBP 130 million commitment of funding for start-ups, including start-up loans, debt finance, and equity finance. The Regional Angels Programme (GBP 285 million) invest alongside angel investors in the ITLs 1 regions to reduce regional inequalities in access to finance (British Business Investments, n.d.[10]). Innovate UK is the Government of the United Kingdom's national innovation agency which invested GBP 40 million in Welsh businesses in 2020-21 (Innovate UK, 2021[11]). Additionally, there are specific campaigns to raise awareness of these policies often centred on ensuring these opportunities reach women founders and investors. These include the Women Backing Women campaign from the UK Business Angels Association and the Invest in Women Hub created by the Council for Investing in Female Entrepreneurs alongside the Department for Business and Trade (Innovate UK, 2021[11]).

Separately, the Welsh Government (the *Senedd Cymru*) has launched several initiatives to support start-ups through their Business Wales programme and specifically has encouraged "a more gender-focused approach" to support women entrepreneurs to unlock their full economic potential for the greater good of all (Hawlfraint y Goron, 2019[12]). This approach was recommended by a panel of experts commissioned by the Welsh Government in 2017, where the supply of finance was identified as a barrier to growth and success for women–led companies (Innovate UK, 2021[11]). One of their most impactful Welsh policy initiatives is the creation of the Development Bank of Wales (DBW), which provides Welsh growth businesses with debt and equity funding – 82% and 18% of investment volume respectively (Development Bank of Wales, 2024[13]). While the portion of equity funding is smaller than debt funding, in absolute terms, equity funding grew year-on-year by 97% from GBP 11.6 million in 2022 to GBP 22.9 million in 2023, reflecting the growth in total annual funds invested by the DBW (Development Bank of Wales, 2024[13]). The DBW currently manages a range of funds totalling GBP 1.9 billion (Development Bank of Wales, n.d.[14]), including the Wales Angel Co-Investment Fund which is available to syndicates of investors seeking to co-invest in Welsh-based SMEs.

In terms of equity funding investment in women-led companies, research has shown that women are more likely to invest in women-led companies with 25% of investments made by women angels was into women-founded companies, which is significantly higher than the UK industry average of 19% (UK Business Angels Association, 2022[15]), and that there is a shortage of both women angel investors and venture capitalists (Sikakm and Snellman, 2023[16]). Acknowledging this phenomenon, the DBW set up the Women Angels of Wales (WAW), a women-only angel network in 2022 that also educates women investors about the EIS/SEIS and provides on-going investment support. The DBW also generates funding opportunities for spin-outs from the Cardiff University research angel investment (Hall, 2023[17]). WAW is a syndicate of more than 30 women investors and has access to a co-investment fund, where the DBW matches private funding up to a maximum of GBP 250 000 per deal. Since the launch of WAW in 2022, DBW has match-funded three deals and has invested GBP 285 679 (Jones, 2024[18]). The Rose Review progress report 2023 reviewing the state of women's entrepreneurship in the United Kingdom (Rose and Hollinrake, 2023[19]) highlighted that in addition to providing women entrepreneurs financial support to start, grow and scale their businesses the non-financial initiatives in the form of mentoring, networking and financial and digital technology training are crucial to enabling the entrepreneurial ecosystem for women entrepreneurs. Spotlighting Wales, the 2023 progress report commended the Welsh stakeholder's collaborative and co-ordinated approach (known as "It's about time taskforce") that successfully fostered entrepreneurship pathways for Welsh women founders (Rose and Hollinrake, 2023[19]).

Finally, Welsh universities are a good example of the manifestation of Welsh non-governmental institutional entrepreneurial policies and direct support. While UK universities are independent of government, the majority receive government funding and have a specific policy focus on entrepreneurship and innovation. Welsh universities provide direct support for start-ups, for small business growth and bespoke research and engagement support. An example of where the UK non-governmental institution policy choices have potentially negatively impacted Welsh women entrepreneurs is the 2023 closure of the Welsh gender equality charity *Chwarae Teg*, which was due to Government of the United Kingdom funding cuts and policy implementation delays. This charity played a strong role in assessing Welsh and UK public policy for its impact on and tracking of gender equality progress, including entrepreneurship, and called attention to policy inequalities and inequity (Lewis, 2023[20]).

Conclusions

The plethora of UK public policies to financially support entrepreneurship are typically gender-insensitive, and continuous additional effort could further promote these policies to women founders and investors across Wales (United Kingdom). However, the devolved Welsh government policy has proactively targeted women by expanding the supply of women-backed angel finance for women-led businesses. The Welsh evidence shows that women-focused policies are effective given the proportion of angel investors who are women (28.7%) being higher than in other ITLs 1 regions of the United Kingdom (Henley, 2024[6]), while the overall number of Welsh business angel investors remains small compared to the rest of the United Kingdom. Further action could accelerate the promotion of existing funds and schemes and promoting non-financial initiatives that support women entrepreneurs.

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Notes

[1] The definition of "high growth" employed by the Gender Index, is calculated as per the OECD definition of 72.8% growth over a three-year period and excludes any company that has less than 10 employees (The Gender Index, 2022[3]).

[2] The International Territorial Levels (ITLs) is a hierarchical classification of administrative areas, used by OECD member countries for statistical purposes. In the United Kingdom, there are 12 ITLs 1 regions, including the devolved nations of Scotland, Wales and Northern Ireland (Office of National Statistics, n.d.[21]).

[3] The government policies of the United Kingdom mentioned here are applicable to the entire United Kingdom. However, there is a devolution of some political and administrative powers to Wales (the National Assembly for Wales, known as the Senedd Cymru), Scotland (the Scottish Parliament) and Northern Ireland (the Northern Ireland Assembly). While Westminster Parliament remains sovereign, it normally does not legislate on devolved matters, without the consent of the devolved legislature. Where Welsh policies are discussed here, they have originated from the devolved political and administrative powers of the *Senedd Cymru* (GOV.UK, 2019[22]).

[4] FinTechWales is a sector organisation with an independent membership that champions the FinTech and Financial Services industry in Wales (Fintech Wales, 2024[8]).

OECD Studies on SMEs and Entrepreneurship

Bridging the Finance Gap for Women Entrepreneurs

Insights from Academic and Policy Research

This report prepared by the OECD and the Global Women's Entrepreneurship Policy Network examines the barriers women entrepreneurs face in accessing financing for creating and growing businesses and explores the policy reforms governments can introduce to address them. The first part of the report provides international data and evidence on the rate and nature of entrepreneurship activities by women compared with men and the levels and types of finance accessed by women entrepreneurs. It further offers an international overview of the barriers to women entrepreneurship financing and the potential policy solutions. The second part of the report offers 29 country-specific policy insight notes from selected OECD and non-OECD countries prepared by academic experts. The notes cover countries such as Australia, Brazil, China, France, India, Malaysia, Nigeria, Poland, Sweden, Spain, the United Kingdom and the United States. Each note is focused on a specific thematic issue and aligned with the issues in the international overview. The themes covered are influencing attitudes and culture towards women entrepreneurs, the potential of fintech innovations, the need to better-target interventions to different segments of women entrepreneurs, boosting financial literacy, leveraging angel investments, boosting microfinance, and financing growth-oriented starts.

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