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Entrepreneurship Development Interventions for Women Entrepreneurs: An update on what works¹

1. Key Findings at a Glance

- Recent research largely corroborates findings of the ILO-WED 2014 brief¹, with further insights now available particularly on access to micro-credit, peer support networks and 'bundled' services.
- Individual savings products, cash transfers/grants and influencing larger 'enabling environment' factors have also emerged as potentially effective for WED.
- Further rigorous research is needed on both different models of mentorship, peer support, formal business networking and 'bundled services' that have been trialled in WED interventions, as well as their impacts.
- In designing and evaluating the impacts of WED, different dimensions of women's empowerment must be considered. In particular, changes in both women's access (to the opportunities, services, and assets required to sustainably upgrade one's economic standing) and in agency (capacity and confidence to act on available opportunities, and to influence decision-making at various levels) should be evaluated. Several interventions reviewed for this brief showed impacts in one aspect in the short-term, and in another over longer time horizons.
- As well, impacts of WED-related interventions on other actors and the wider system need to be better understood. In particular, unpacking whether and how a program influenced other existing actors to change their practices towards women-owned enterprises would be useful as this can influence the sustainability and scale of both women's businesses and the overall economic environment within which they operate.

What Works in SME Development

The What Works in SME Development Series is presenting key findings of interventions promoting small and medium enterprises as a means to create more and better jobs. It covers ILO programs as well as interventions of other agencies using ILO products.

The main objective of the new Series is to increase the take up of effective SME programs by leading actors in this field. The issue briefs target ILO constituents, other policy makers, development practitioners, and the private sector presenting key evidence at a glance. Preference is given to rigorous quantitative research, but the Series also covers other research approaches contributing to more evidence on what works and what does not work.

The What Works Series is coordinated by the SME Unit of the International Labour Organization, for more info see www.ilo.org/sme

¹ This brief was prepared by Raksha Vasudevan and Kamila Wasilkowska from MarketShare Associates, drawing on an earlier version prepared by Payel Patel in 2014.



This brief adds to the evidence brought forward in the 2014 ILO-commissioned publication on the “Effectiveness of Entrepreneurship Development interventions on Women Entrepreneurs” which found:

- » Little rigorous evidence that either access to finance or business training alone lead to sustained business growth among women’s microenterprises.
- » Interventions that combined finance (especially grants) and business training, although more costly, seemed to be more effective.
- » Early evidence that business training combined with follow-up technical assistance, and business grants together with business training, albeit more expensive, may be effective.
- » More rigorous evidence that Women’s Entrepreneurship Development (WED) programs have been effective in stimulating the creation of women’s microenterprises than in supporting the growth of women’s existing businesses (although this was likely due in part to methodological limitations of evaluation designs).
- » To be truly impactful, WED interventions needed to go beyond addressing women’s limited access to finance and business management skills.

The present document seeks to include any relevant, rigorous evidence that has become available since 2014 that further confirms, contradicts or otherwise adds to the above findings. The key objective is for readers to have an up-to-date understanding in terms of the development interventions, programs and strategies that have worked to promote Women’s Entrepreneurship Development (WED), how and under what circumstances, as well as what has not proven to be successful, and where further research is needed to unpack impacts.



2. The challenge

As of 2011 and looking only at formally registered businesses, women owned 30% of all SMEs in developing countries (IFC and GPFI 2011). The 2015 Global Entrepreneurship Monitor (GEM) Special Report on Women Entrepreneurship also estimates that the rate of women’s entrepreneurship rose by 6% worldwide in the preceding two years. While reasons for this vary – often, women are driven by necessity to start businesses due to a lack of other employment opportunities – entrepreneurship nevertheless represents a significant pathway for women’s economic empowerment (de Mel et al. 2012) and for promoting wellbeing of their families and communities (World Bank 2011). For development programs and donors interested in promoting women’s empowerment, then, understanding intervention strategies and models that have and have not worked and why, is critical.

3. Findings around interventions

The 2014 brief reviewed six meta-evaluations and 23 rigorous impact evaluations of WED interventions in terms of outcomes for women-owned business start-up and survival; business knowledge and practices; business growth (i.e. revenues, profits, number of employees); and women’s agency, or decision-making capacity within their business or household. This review examines those outcomes, as well as other interventions such as mentoring, peer groups/networks, and enabling environment’ factors within the evidence published in the years since the last brief (i.e. from 2014 to 2017). To be easily usable for practitioners and donors designing WED programmes, findings are laid out by type of intervention and resulting impacts on women-owned enterprises and women’s incomes.

Figure 1 below summarizes the areas of intervention, and specific strategies within those, that have been shown to work for WED.

ACCESS TO FINANCE

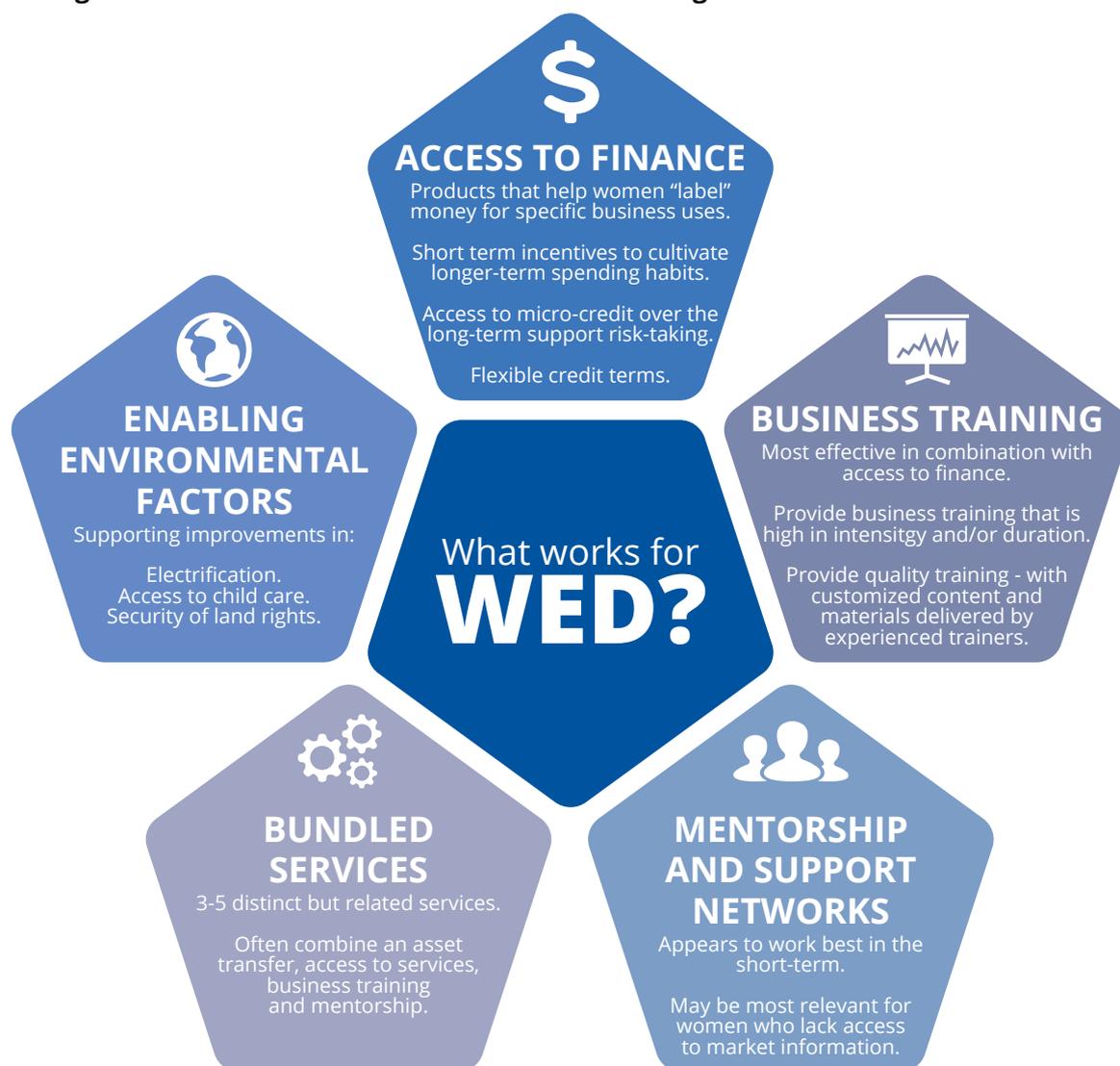
Several evaluations examined the impacts on WED of facilitating women micro-entrepreneurs’ access to formal savings accounts, small amounts of credit, and/or cash transfers/grants.

SAVINGS / ACCESS TO SAVINGS ACCOUNTS

To date, limited research has been conducted that isolates the impact of individual savings products on WED (rather than as part of a larger access to finance package). An evaluation conducted by Dupas



Figure 1: Intervention areas and associated strategies that have worked for WED



& Robinson (2013) that examined access to formal savings services on both men and women’s business growth found that only women used these accounts to save more than they would have otherwise done. These savings were used to increase their business investments, which ultimately improved their incomes. The researchers hypothesize that these **savings products may have helped women mentally “label” and protect money for specific business uses, and withstand social pressure** e.g. to share the money with relatives.

Schaner (2016) also found that **significant short-term incentives to save**, such as interest rates well above market rates, when combined with an individual

private savings account can encourage meaningful behavior change: in the longer-term (3-4 years after the experiment or 2.5-3.5 years after the interest rates expired) both men and women had saved more, were significantly more likely to own a business, and for that business to have more invested capital and profits. Interestingly, outcomes were less positive compared to those receiving cash grants; although these grants increased bank account balances in the short-term, they had no discernable impacts on long-run outcomes, especially at the business performance level. This suggests that **business growth requires cultivating certain savings and investment habits** which can be encouraged through access to tailored, private savings accounts and incentives to use them.



Box 1: Considering access and agency in designing savings products for women

Several models of increasing savings have been trialled and evaluated in developing countries: basic formal bank accounts (Dupas and Robinson 2013; Prina 2015), commitment savings accounts (Ashraf et al. 2006; Brune et al. 2016; Dupas and Robinson 2014), accounts with reminders (Karlan et al. 2013), savings groups that leverage peer pressure and support (Kast et al. 2013; Dupas and Robinson 2014; Breza and Chandrasekhar 2015), and deposit collection services (Ashraf et al. 2006; Callen et al. 2014). These models highlight the importance of considering both 'access' (e.g. having physical and legal access to a savings account) and 'agency' (e.g. having control over how much to save, and how to spend these savings) outcomes in designing and measuring women's economic empowerment interventions (Markel and Jones 2015).²

MICRO-CREDIT

Whereas the evidence referenced in the previous brief suggested that the impact of financing alone, especially micro-credit (i.e. very small amounts of money), was minimal for WED, more recent research suggests that access to micro-credit over **an extended period of time can support women's risk-taking³, which over time, can improve business performance.** One study in Bangladesh, for example, followed female borrowers over two decades, who increased borrowing amounts by an average of 4% per year. The study estimated that a 10% increase in female borrowing reduced extreme poverty by 5% (Khander and Samad 2014).

Results over shorter time frames, on the other hand, are less significant. Randomized Control Trials (RCTs) of micro-credit projects in six countries measured results from one to three years after the credit was offered, and found some increased business investment, but not enough to significantly increase profits or household income (Banerjee, Karlan and Zinman 2015).

As mentioned in the previous brief, **flexible credit repayment requirements** tend to be more effective at promoting WED: Field et al. (2014) found that a two-month grace period versus immediate repayment requirements for poor urban female borrowers in Kolkata, India, significantly raised three-year business profits in the long run, primarily through encouraging more risk-taking.

GRANTS/CASH TRANSFERS

One study in Uganda traced the impact of grants

or cash transfers on WED: groups of young men and women (between the ages of 16 to 35) received substantial cash grants (US\$382 per person) for training and business materials. The program did not monitor the actual use of funds; however, four years after the grants were disbursed, an evaluation identified continuing positive impacts on recipients' business assets, work hours and income. Effects were also greater for women than for men (Blattman, Fiala and Martinez 2014). Similar to savings accounts, researchers hypothesized that the mental labeling/specific designation of the grant money for business purposes as well as **the peer support from working in groups** may explain the greater impacts on women.

BUSINESS TRAINING

Business training must be differentiated from financial literacy training, which focuses only on money management and investment.⁴

The 2014 brief found that business training was not effective for business growth, except when conducted in **combination with finance, in high intensity/duration, and with high quality inputs** (in terms of training materials, and trainers). More recent evidence largely supports these findings. In terms of intensity/duration, a three-month intensive training (three hours, three times weekly) delivered by experts in their field was found to have helped increase sales of female micro-entrepreneurs in Peru, even two years after the training was conducted (Valdivia 2015).

On the other hand, McKenzie and Puerto (2017) studied the impacts on women micro-entrepreneurs in Kenya who received an ILO training of only five days,

2 Anne Marie Golla et al., *Understanding and Measuring Women's Economic Empowerment: Definition, Framework and Indicators*. (Washington, DC: International Center for Research on Women, 2011).

3 Risk-taking is thought to be an important indicator for women being able to progress as entrepreneurs as they are often more bounded (e.g. by social/ family responsibilities, commitments to look after and pay for the family) than men. As a result, they take fewer risks that will help them to fast tracked in their business.

4 The impacts of financial literacy training on WED remains unclear due to a lack of rigorous evaluations on this topic (McKenzie & Puerto, 2017)



but which was designed specifically for women with low education levels and delivered by expert trainers. While in the short run (less than a year), impacts were minimal (McKenzie and Woodruff, 2015), after three years, these businesses were 3% more likely to survive, earn 18% higher sales and 15% more in profits.

MENTORSHIP, NETWORKS AND PEER SUPPORT

In the same study cited above, McKenzie and Puerto (2017) found similar results for women who received only the training, as compared to women who also were assigned mentors following the training. This is consistent with studies done by Valdivia (2015), Giné and Mansuri (2016), and Brooks et al. (2016), all of which find that **mentoring following a training may help to increase business performance in the short-term but that the impacts are not sustained over time.**

On the other hand, in Nicaragua, the combination of a small conditional cash transfer and access to promotoras (mentors) increased both rural women's incomes and optimism about the future (Macours and Vakis 2014). However, it is difficult to separate the effects of the mentoring from the cash transfer. This suggests that good practices from other fields on effective mentorship models should be investigated and taken into consideration in designing WED interventions.

On a related aspect, the 2014 brief suggested some potential for women's informal peer and formal business networks to support WED. Recent evidence suggests that peer-to-peer support may be especially relevant in **rural contexts**, and/or for **women who traditionally lack access to market information** (e.g. rural producers). For example, female Ugandan cotton farmers in an agricultural extension program who chose to partner with a peer in setting goals and sharing information saw greater crop yields in all cases except for the highest performing farmers – who likely already had access to information on effective farming practices (Vasilaky and Leonard 2015).

These findings also raise the question of what might make peer support or informal groups more effective than traditional mentorship – for example, do female micro-entrepreneurs prefer to work with those at their 'own level' and/or friends whom they already know, rather than those who have already achieved success in their lines of work? Why or why not, and under what circumstances for each?

COMBINED INTERVENTIONS / BUNDLED SERVICES

It is not uncommon for WED interventions to combine several services or intervention strategies; in recent years, some programs have tried to build a 'package' of several (usually 3-5 distinct but related) services that address different challenges women face in starting and growing a business.

The previous brief found that interventions that combined finance, business training and ongoing technical assistance had positive benefits for the growth of existing businesses. New evidence on this is similarly positive. Increases in women's incomes were reported by RCTs from six countries of projects that provided a large productive asset (e.g. a cow) with intensive training and technical assistance to manage the asset, as well as a cash stipend and access to savings (Banerjee et al. 2015). Another study that examined the impact of a relatively large cash grant combined with a five-day business training and ongoing supervision (Blattman et al. 2015) also reported positive results.

The importance of a comprehensive 'suite' of services is reinforced by studies from agriculture that find that interventions tackling only one dimension of the challenges that female farmers face – whether it be improved inputs (Karamba and Winters 2014; Beaman et al. 2013), better market information through mobile phone platforms (Aker 2016; Van Campenhout 2013), or land rights (Mendola and Sitomwe 2015) – are not sufficient on their own to sustainably improve women's incomes.

ENABLING ENVIRONMENT FACTORS

While most WED interventions have focused on addressing 'immediate' challenges for women in starting and growing a business, a recent report by Mastercard highlights the importance of the larger systemic or 'enabling environment' factors that determine the circumstances in which these businesses can operate.

As one example, **rural electrification** has been shown to increase women's entrepreneurship by increasing the length of the work day, reducing time required for household chores, and creating new home-based businesses that rely on electrical appliances (van de Walle et al. 2013, Dasso and Fernandez 2015). As well, where lack of **childcare** (e.g. through family networks) prevents women from working outside the home, increasing access to such care can indirectly promote WED. In China, a universal childcare program contributed significantly to increasing the number of



female entrepreneurs in the country (Wang 2015). And in Mozambique, subsidizing child care in preschools enabled 37% more mothers to work outside the home (Martinez et al. 2013).

For programs targeting female farmers, ensuring security of **land rights** can be an important aspect to improving incomes - but has only been shown to have effects when addressing other challenges that women in agricultural production face (World Bank and ONE Campaign, 2014).

4. Policy considerations

Based on the evidence reviewed, the following are some ideas for policymakers, development practitioners and donors to consider in their WED programming:

- » **Conduct further research and testing on what works in terms of mentoring and peer support in WED.** Both for the 2014 brief and for this update, little rigorous evidence was available on the impacts of different mentorship and peer support interventions on WED. There are some indications that especially when combined with other types of support, they may be effective but more information is needed on these factors.
- » **Further unpack and trail different models of “service bundling”.** While impacts of these types of interventions are positive, further research would be useful to understand which combinations of services that address different aspects of WED (e.g. hard skills, soft skills, access to finance, access to new markets, legal services) work best, in which sequencing, and what other important contextual factors should be considered in designing such packages.
- » **Consider factors in the enabling environment.** While it goes without saying that the context is critical to designing programming, many WED interventions focus on the level of immediate challenges to women in starting and growing businesses, and providing short-to-medium-term solutions to those. Arguably, there is greater potential to impact more female entrepreneurs by reducing the systemic barriers – such as lack of electricity or land rights - that stifle innovation and prevent women from starting and growing businesses.
- » **Behavior change requires both access and incentives.** Providing access to finance, networks etc. alone may not be enough, especially if those targeted cannot yet visualize the income potential from high-performing businesses. Some of the most effective WED interventions also therefore provide additional powerful incentives – without encouraging dependency or exposing participants to significant additional risk – to encourage them to take on new business practices.
- » **Design with women’s mobility constraints and unpaid care burdens in mind.** For example, programs that held business training sessions in locations that were close to participants’ homes/ places of work and that offered free or subsidized transport and/or child care were more effective in terms of retention of participants (Valdivia 2015; Cho et al. 2013; McKenzie & Puerto 2017).
- » **Carry out research in non-agricultural and less traditional sectors.** The majority of the evidence looked at what had worked for WED either in agriculture, or was not specific to a certain sector (i.e. projects that had targeted female entrepreneurs across several sectors). It may be worthwhile for further research to focus on what works for WED in non-traditional sectors or roles, especially since Development programs can help to facilitate women’s entry or upgrading within these sectors.
- » **(Continue to) measure impacts over longer time periods, and take into account the many dimensions of empowerment.** As highlighted in this brief, certain interventions showed exciting results in the short-term but these impacts were not sustained in the long-term – e.g. mentorship impacts on business profitability, effects of livestock asset transfer on empowerment. On the other hand, the effects of business training and access to micro-credit on women’s enterprises were much clearer over longer time periods.
- » **Consider the sustainability of other actors and the wider system.** While more evaluations are looking at the sustainability of women-owned enterprises even after programs have ended, few to no evaluations considered the impacts of such support on other existing actors in the market system. For example, if programs partnered with banks, vocational training institutes/providers, other companies or agencies, how did this partnership affect their sustainability and scalability? Did it, for example, help them in finding or working with a new customer base, or did it instead make them more dependent on development funding? These kinds of impacts can influence the wider market systems in which women-owned enterprises are born and operate.



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