

BROOKINGS

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# L2C-lessons learned for Support for Women Entrepreneurs

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# L2C & Industrial policies

- Competitive capacity of domestic firms
  - » Export promotion
  - » Export processing SEZs
  - » FDI inflow
- L2C project
  - » Africa (e.g. Ethiopia, Kenya, Tunisia, Mozambique)
  - » Asia (e.g. Vietnam, Cambodia)

# Lessons learned from-L2C

- Firm capability
  - » Export promotion& FDI spillovers
- It takes an ecosystem (agglomeration economies e.g. natural & export processing SEZs)
  - » Addressing market failures

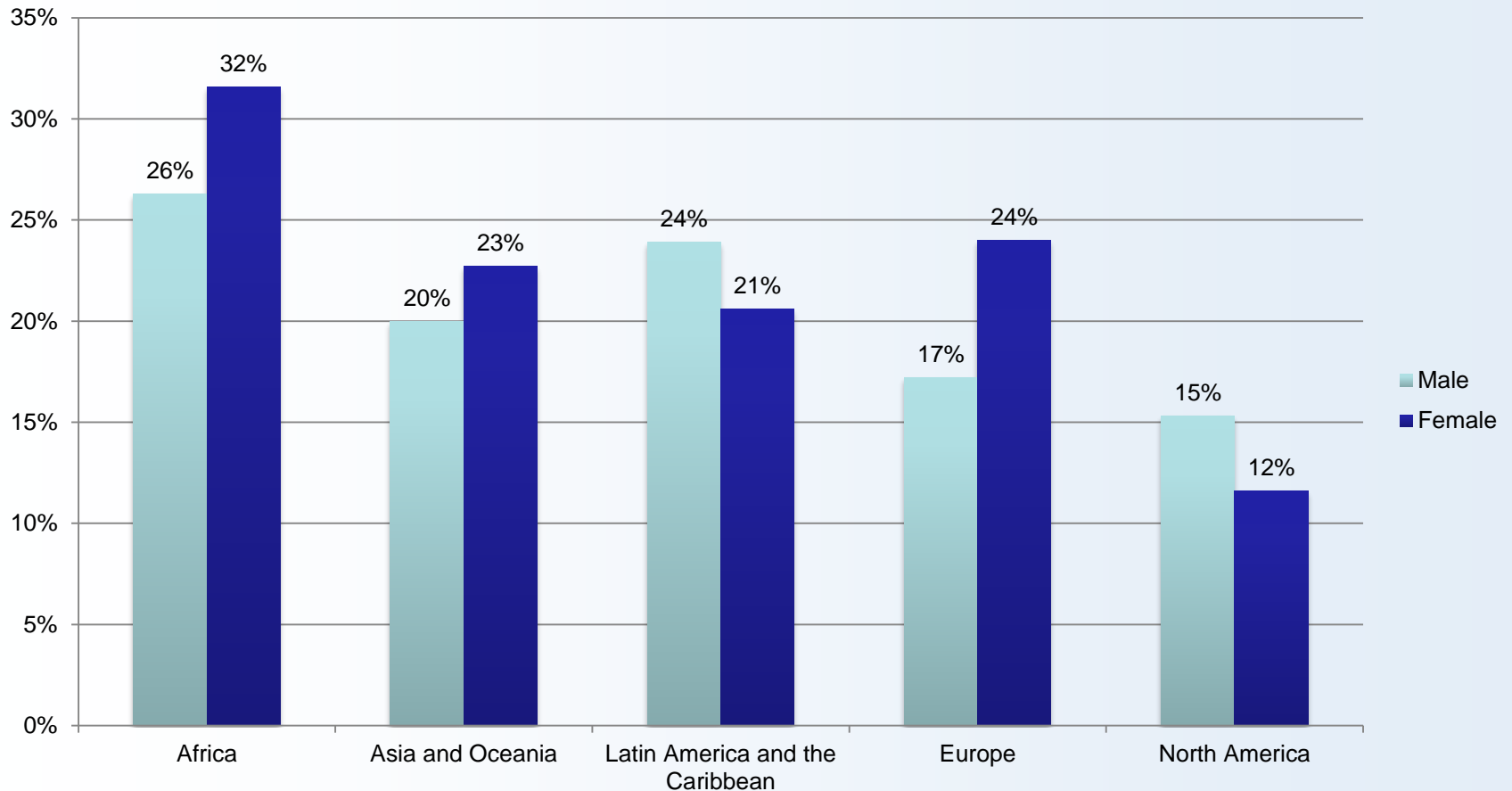
# Learning to compete in Ethiopia-Exports (with Mulu Gebreeyesus *et al.*)

- Do entry cost matter for who gets to export?
- Do firms learn from exporting?
- Do agglomeration economies exist?
- Data
  - » Formal Manufacturing firms in Ethiopia (1996-2009)

# Lessons learned-Exports & FDI

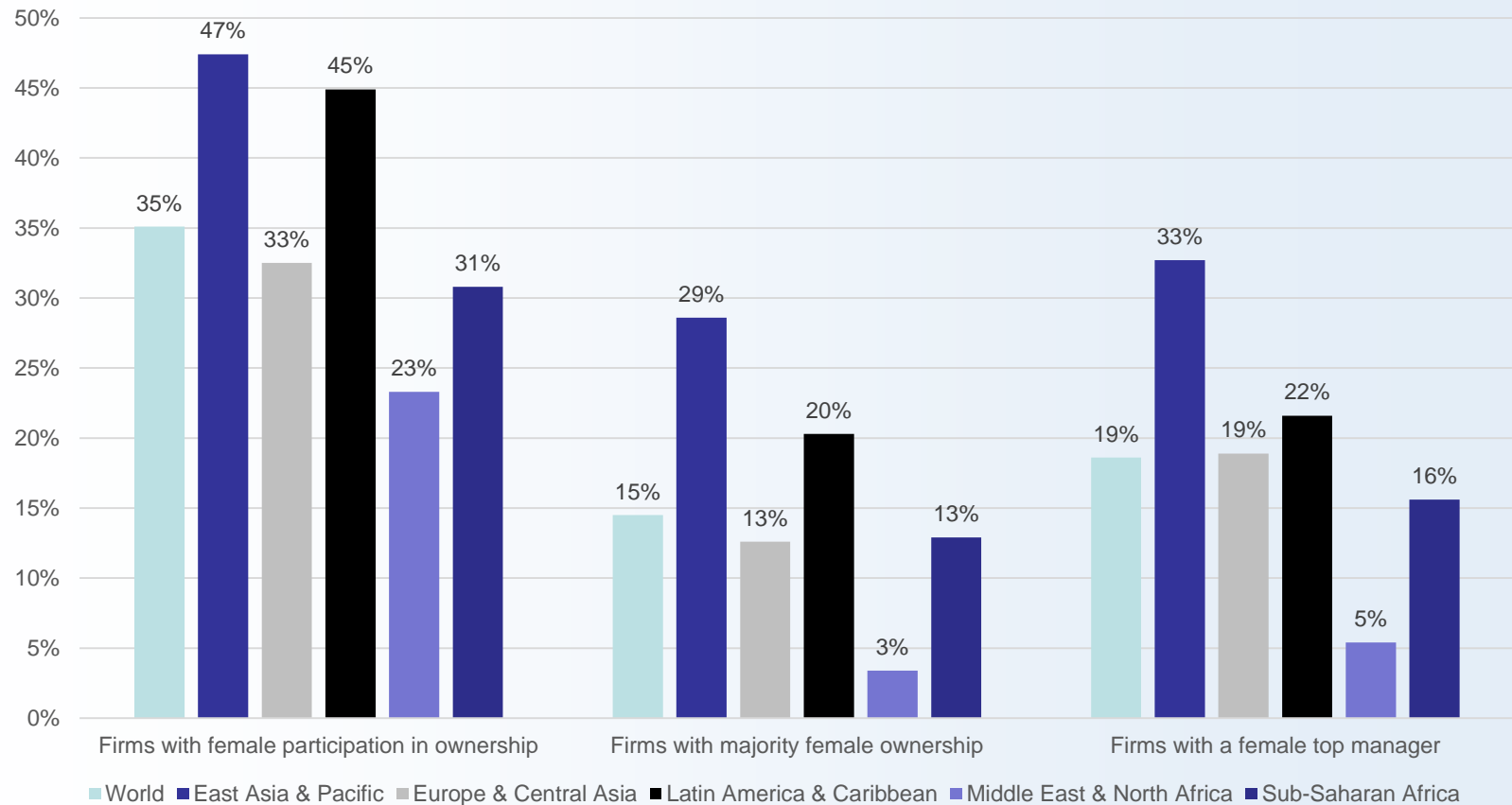
- **Result 1:** Reducing entry costs can encourage entry of exporters without prior production history
  - » Firms, once entering export market, more likely to continue to export
- **Result 2:** that firms learn upon entry into the export market
  - » And this makes it even easier to export
- **Result 3:** Firms learn more from direct supplier linkages with foreign owned firms than trade flows (other SSA case studies)
  - » Case for global and regional supply chains

Africa has the highest share of respondents stating that they became entrepreneurs out of necessity. Notably, this figure is higher for women, as nearly two thirds of women in African countries for which data is available declared that they took up entrepreneurship out of necessity.



Source: Global Entrepreneurship Monitor, 2018

With the exception of the middle east, Africa performs worst than other developing regions. Only 31 percent of firms have some female participation in ownership. The share of firms with female managers is lower and stands at 16 percent.



Source: World Bank Enterprise Survey, 2015

# Support for Entrepreneurs- Development community

- Potential Entry points?
  - » SMEs Vs. Large firms (Page & Shimeles (2015), Page & Söderbom (2014))
    - Lack of decent jobs, employment elasticity of growth (lack of inclusive growth)
    - Preoccupation of donor community with SMEs
  - » Ecosystem building (e.g. Addressing the missing middle)



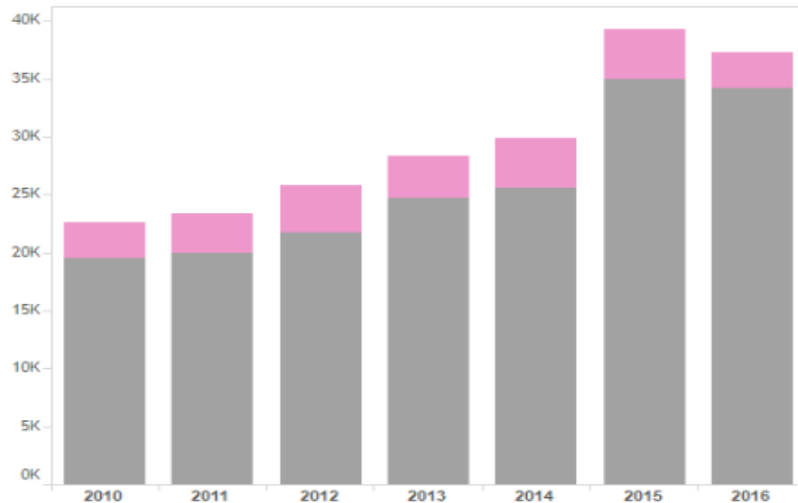
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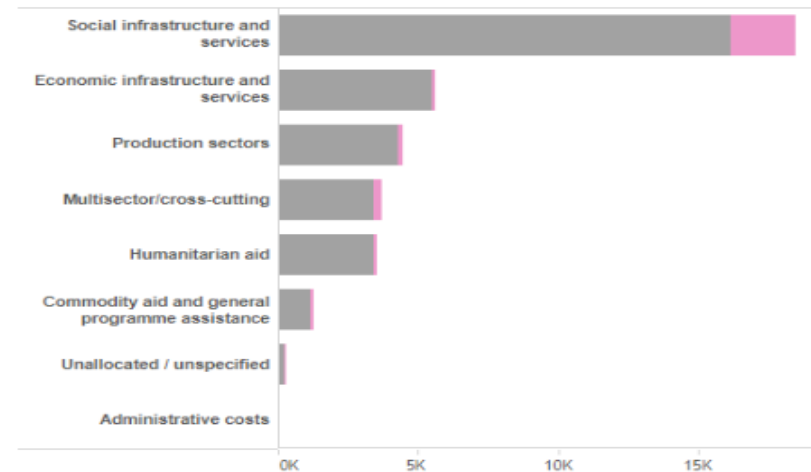
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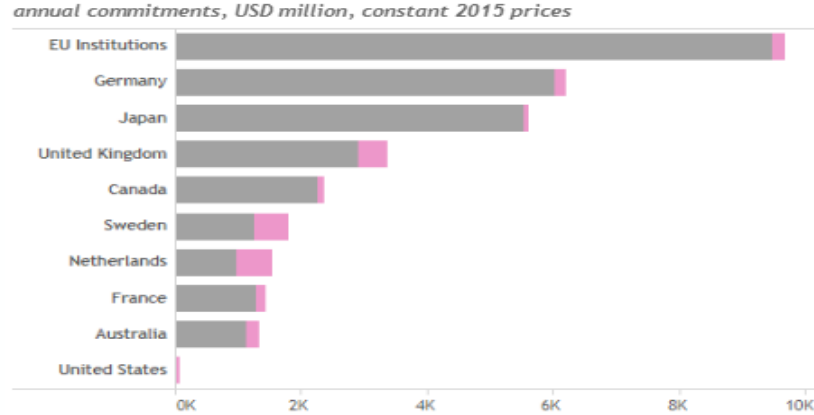
**Trends in aid to Gender Equality and Women's Empowerment**  
annual commitments, USD million, constant 2015 prices



**Gender Equality and Women's Empowerment-related aid by sector**  
annual commitments, USD million, constant 2015 prices

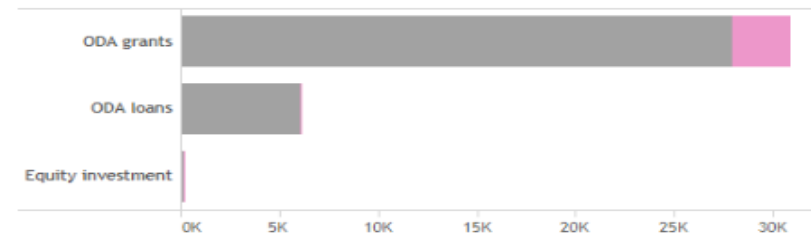


**Gender Equality and Women's Empowerment-related aid top 10 donors**  
annual commitments, USD million, constant 2015 prices

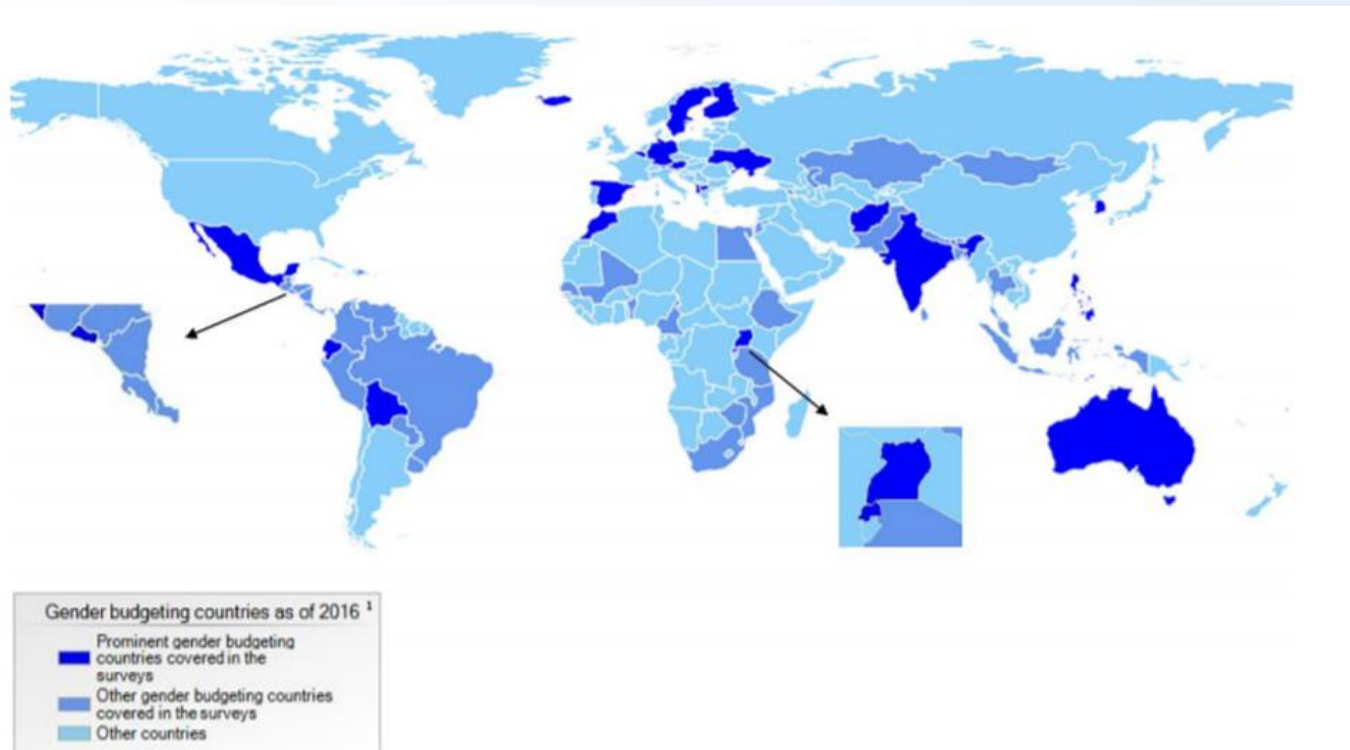


Principal Significant

**Gender Equality and Women's Empowerment-related aid by instrument**  
annual commitments, USD million, constant 2015 prices



Few countries worldwide have prominent gender budgeting efforts at the national level. In Africa, Morocco, Rwanda, and Uganda noted to have prominent efforts, according to the International Monetary Fund (2016).



Source: IMF staff compilation from regional surveys.

1/ Germany and Spain are included because of the prominent subnational efforts in Berlin and Andalucía.

The last category of “other countries” includes some countries that use fiscal policies to achieve gender-oriented goals but do not have a formal gender budgeting initiative or may have a gender budgeting initiative for which we could not obtain information.

# Feedback

- Where should to put/invest own money on?
  - » Potential entry points for the development community-interested in promoting women empowerment through **entrepreneurship & on the ground capacity building?**
- How should IP better embrace women entrepreneurs?

# Support for Entrepreneurs-In practice

- **Sentiment analysis** (gender strategies of governments, development banks, aid organizations, private sector actors and NGOs)
  - » significant focus on inclusion, notably on physical protection of women against violence (of course these challenges are prevalent, HDR, 2016)
  - » **Support for women entrepreneurs predominantly implies support for women-owned SMEs**
- Market inclusion/Supplier diversity (e.g. Weconnect, SheTrades)
- Financial inclusion (Fintech)
- Ecosystem development-start ups focused
  - » Incubators, Accelerators, funders/investors...etc

# Lessons learned from Gender-neutral interventions-L2C?

- Firm capability
  - » Export promotion& FDI spillovers
- It takes an ecosystem
  - » Addressing market failures through agglomeration economies
  - » Business practice-ecosystem building (e.g incubators, accelerators...)
- **Missing? -The focus on the Entrepreneur**

# Why focus on the Entrepreneur?

- **Personal traits** and enterprise performance (experimental econ.)
  - » Women bring in **different set of skills** to the labor market (IMF session today)
  - » **Self control** & **External pressures** (women tend to divert finance to other competing needs) Fafchamps et al.(2011)
  - » **Leadership** (women are less likely to engage in competitive scenarios) Campos et al (2018)

# Support for enterprise development: Effective delivery mechanisms

- **Experimental economics**
  - » What doesn't work for women-owned SMEs (e.g. business performance)
    - **Small loans & grants** (often with training on hard skills) Fiala *et al.* (2018), Berge *et al.*, Karlan (2011)
- **Psychology** (Cornwall, 2016)
  - » Shift in mindset
  - » Challenging gender norms

# Support for enterprise development: Effective delivery mechanisms

- Experimental economics
  - » Shift in mindset (e.g. risk taking, goal setting and **personal initiative**/leadership) Campos et al. (2018)
  - » Challenging **gender norms/accommodating women's schedule** (e.g. time and child care..) Adoho et al. (2014)
  - » **Soft skills & technology** (e.g mobile saving and loans in secure account-self control and external pressure)



# WEE and entrepreneurship

- Evidence shows **micro-interventions** to provide access to credit and business trainings for the poor have limited effectiveness in bringing major changes in WEE (e.g. Duflo 2012 and others)
- **More integrated approaches are needed** to address women's simultaneous constraints, macro-level interventions, advocacy and collective action, and to promote government accountability to the gender equity cause in and of itself
  - » **More research on the potential actors and activities within this collective action approach is also needed**

# Future of industrial policy - beyond gender auditing/mainstreaming

- Procurement reform?
- Budgeting?
- Firm capability?
  - » Personal traits
- Ecosystem building?
  - » with a gender quota?
- Feedback-Which thread to pull first?

**Kitos!**

# Appendix

Data strategy for promoting collective action

# Collective action movement to promote WEE through entrepreneurship-mapping exercise

- **Governments:**
  - » Partnering with donors, civil society, and private sector to target and include women in social innovation opportunities (competitions, innovation funds, challenge grants, incubators, technology parks, and accelerators)
  - » Integrating gender analysis into policy design, budgeting and implementation of policies affecting female entrepreneurs
- **International development partners:**
  - » Establishing better platforms for pairing donors with local female entrepreneurs could allow for better coordination among development partners to maximize collaborations and minimize overlaps and wastage of resources

# Collective action movement to promote WEE through entrepreneurship

- **Private sector and home-grown philanthropy:**
  - » Creating strategic partnerships, impact investments, “**inclusive business**” and **CSR initiatives** with female entrepreneurs
- **Civil society organizations (CSOs):**
  - » Mobilizing **grassroots support** for female entrepreneurs and a collective voice for changing policies and improving ecosystems for female entrepreneurs
- **Academia:**
  - » **Providing foundational research to guide the creation of government policies toward female entrepreneurs**

# Support for Entrepreneurs- Private-sector led solutions

- Potential Entry points?
  - » Traditional businesses (MNCs or local firms)
    - Setting targets for inclusion of female entrepreneurs and women-owned enterprises **in supply chains**
  - » Social enterprises
    - Empowering women through **innovative product, service, and/or business model** (employing women and female entrepreneurs)
    - › Opportunities and challenges: Financing, partnering, government competition, sustainability, scalability