



CATALYZING INNOVATION FOR WOMEN ENTREPRENEURS

DURING AND AFTER THE COVID-19 CRISIS

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ABOUT

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub, promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

Since 2005, Kiva has focused on a mission to expand financial access to help underserved communities thrive. Kiva does so through the provision of loans and by helping its lending partners build their operational capacity and develop innovative financial products that expand access and opportunity. To date, Kiva has facilitated over US \$1.6 billion in loans to 500+ partners in over 90 countries, of which US \$1.23 billion has gone to women. Kiva has a strong commitment to research, data, and evidence – often promoting the use of lean data to inform or validate impact-first lending. Kiva has committed to investing with a gender lens across all of its investment portfolios and is in the process of developing a fund specifically to drive women's economic empowerment and financial resilience.

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ACRONYMS

ESCAP	Economic and Social Commission for Asia and the Pacific
CWE	Catalyzing Women’s Entrepreneurship
GLI	Gender Lens Investing
ICT	Information and Communications Technologies
KYC	Know Your Customer
MFI	Microfinance Institution
SPBD	South Pacific Business Development
USD	United States Dollar
UN	United Nations

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EXECUTIVE SUMMARY

In late 2020, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Catalyzing Women's Entrepreneurship (CWE) Programme, partnered with Kiva to conduct primary research on women entrepreneur financial sector borrowers in the region. The CWE research agenda is centered around exploring the nuanced challenges faced by women entrepreneurs in accessing and using financing at different stages of their enterprise journey. The research is designed to be applied towards identifying innovative financial solutions that can be developed or tailored to best address the needs and demands of women entrepreneurs of all sizes and populating different sectors of the economy. The CWE Programme is funded by the Government of Canada, through Global Affairs Canada. The project is a five-year initiative, aimed at addressing three key overarching barriers faced by women entrepreneurs: (1) enabling policy environment and regulatory challenges, (2) access to finance, and (3) use of information and communication technologies (ICT) by women entrepreneurs.

To better understand the needs, challenges, and constraints of women borrowers, this study focused on three main research questions:

1. What challenges do women micro-entrepreneurs face in maintaining and growing their businesses?
2. How can financial service providers improve their services to better fit the needs of women customers?
3. How has COVID-19 specifically impacted women micro-entrepreneurs and how have they adapted?

Kiva collected data directly from 328 women borrowers across three microfinance institutions in three countries: South Pacific Business Development (SPBD) in Fiji, SPBD in Samoa, and Chamroeun Microfinance Plc. in Cambodia. This action-oriented research aims to generate findings directly applicable to new product design, improvements in existing services, and/or the identification of innovative solutions that can be leveraged to strengthen the socioeconomic capital of women entrepreneurs.

Across all three countries, it is clear that women entrepreneurs face unique and compounding barriers and burdens, which have only been exacerbated by the COVID-19 crisis. Yet despite the great diversity in the context of women's economic autonomy – from dense homogenous product marketplaces with rampant consumer credit in Fiji and Samoa to informal self-employment and household loans in Cambodia – common barriers related

to gender, exposure to household and business shocks, and the negative economic effects of the COVID-19 pandemic urgently demand solutions.

Women's multifaceted roles and responsibilities are also a critical factor in the type and degree of economic participation. Household responsibilities, childcare responsibilities, and family and spouse preferences heavily influence women's choice of business activity. While most women do not identify family obligations, such as having young children, as an impediment to business success, household responsibilities are recognized as a challenge for maintaining and growing their business.

Negative shocks are common throughout the year, with more than two-thirds of SPBD's women customers reporting incidences of a negative household shock in the past twelve months. This included some 30 per cent of women-owned businesses which were damaged or destroyed due to flooding or storms, events which are likely to increase as the impact of climate change-induced disasters worsens, particularly for the Pacific region. On top of these negative shocks, the vast majority of borrowers reported their households have suffered as a result of the COVID-19 pandemic and its resulting economic fallout. In Cambodia – where in 2020 the economy contracted approximately 3.1 per cent and the UN Development Programme predicted a doubling of poverty rates to 17.6 per cent – a concerning majority of respondents reported that they had reduced their food intake to cope with income declines. The reduction of caloric intake, often a key indicator of food security resilience, demonstrates the vulnerability and absence of buffers to protect people from exogenous livelihood shocks.

The study also finds that women often struggle to run their businesses in a challenging environment, where incomes easily fluctuate due to a variety of factors, ranging from natural disasters to excess competition. The top cited challenge was a glut in business competition within the entrepreneurs' industry, which is closely linked with insufficient product demand. Other problems include: consumer practices, such as buying goods on credit and not repaying, disruptions in operations or damaged goods due to floods or storms, infrastructure-related issues such as electric power interruptions, and household needs taking away from their business.

Given the lack of demand for many products in the Pacific countries, it is not surprising that the findings show a high concentration of businesses in similar industries. For example, in Fiji, just three business categories account for more than 75 percent of all business types: food sellers, canteen owners, and kava sellers. The study finds that the majority of women surveyed in Fiji, Samoa, and Cambodia, also operate their businesses out of their homes,

further limiting opportunities for business diversification. This is due to gender-related social norms as they balance their household and caring responsibilities with income generation.

Women micro-entrepreneurs also face barriers in access to formal financing mechanisms. Women cited the main obstructions to financial access as: failing to meet documentation requirements, such as ID documentation; financial statement documents; and/or documentation to use assets for collateral.

However, in spite of these issues, the women surveyed still report a positive impact from microfinance. For example, the vast majority of SPBD customers report significant gains from their engagement with the organization. The main advantages were being able to start a new business, expand their existing business, and support their families or make home improvements. In light of these positive impacts, there is an opportunity for microfinance organizations to provide tailored and targeted loan designs that further improve positive outcomes. Improvements could be related to innovations in product design, product features, and wraparound services that could better facilitate clients to start, maintain, and grow their businesses. The top suggestions from women entrepreneurs to improve microfinance services were to expand business training services and to have trainings that focus on management, cash flow and generating new business ideas. Customers also called for lower cost loans, larger loan amounts, and more flexible repayment options.

These findings generate several recommendations for financial service providers to improve the quality of their products for women entrepreneur customers. These recommendations include: implementing more flexible loan policies, developing a comprehensive business training service, and exploring ways that providers can better design their products to mitigate domestic violence. These results are also important for informing recommendations for Kiva, other investors, and broader gender lens investing stakeholders looking to improve and expand women's financial inclusion. These recommendations include: prioritizing listening to clients; design and impact measurement practices among financial service providers; and investing in companies that provide wraparound services to enable success in a complex operating environment. Other recommendations for the wider sector include: ensuring that loan product features incorporate must-needed flexibility and prioritizing the provision of financial and technical resources to build the internal capacity of financial institutions to deepen the impact of their products.

The results of this multi-country study demonstrate that women face specific and compounded barriers, some of which are driven by gender-related social-norms, while operating in an already challenging business environment, making financial resiliency and sustained economic empowerment difficult to achieve. The global pandemic has only

exacerbated the responsibilities of women entrepreneurs by adding additional childcare responsibilities as care centers and schools close temporarily, increased competition in certain sectors as others shut, and challenges with repaying loans. However, the findings in this study present clear pathways for both MFIs and gender lens investors such as Kiva and ESCAP to develop and improve products, services, and investment strategies to better meet women entrepreneurs' needs. These adapted features must be tailored to the specific population at hand, as evidenced by the compounding and varied challenges women entrepreneurs in the study faced, which were at times dependent on their unique identities, the size of their business, contexts, and motivations. By coupling flexible products with tailored wraparound services and supporting MFIs through technical assistance and broader gender lens investing resources and toolkits, microfinance can achieve real outcomes for all women entrepreneurs, even in the context of COVID-19.

1. INTRODUCTION AND BACKGROUND

1.1 Purpose of the Study

In late 2020, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Kiva partnered to conduct primary research on women entrepreneurs.¹ The research is centered around exploring the nuanced challenges faced by women entrepreneurs in accessing financing at different stages of their enterprise journey and applying the research towards identifying innovative financial solutions that can be developed or tailored to best address the needs and demands of women entrepreneurs. Kiva designed the study to collect data directly from women borrowers of microfinance institutions – South Pacific Business Development (SPBD) in Fiji and Samoa, and Chamroeun Microfinance Plc in Cambodia – to learn more about the new realities that women entrepreneurs face and how financial service providers can work together to more effectively support them. These findings are intended to be applicable for both providers of microfinance products and services as well as investors, such as Kiva, who aim to generate both financial returns and gendered impact returns, for gender lens investing (GLI), with a focus on advancing women’s economic empowerment through investments. The findings from this research will inform both Kiva’s overall gender lens investing strategy, the fund-specific strategy, and the strategy of its partners SPBD and Chamroeun.

1.2 Lending Partner Descriptions

SPBD Fiji and SPBD Samoa²

Kiva partnered with SPBD, a South Pacific network of microfinance institutions, to collect data from their borrowers in Fiji and Samoa. SPBD’s mission is to improve the quality of life of underprivileged families by providing them with meaningful economic opportunities to help lift them permanently out of poverty. SPBD has a particular focus on empowering women to start, grow, and maintain micro-businesses. To do this, SPBD provides women with a suite of financial and non-financial products and services, including various credit products, savings accounts, death benefits, financial education and business skills training, and other services. SPBD has more than 50,000 active members and has disbursed more than 255,000 loans totaling US \$187 million since its inception in 2000.

Chamroeun Cambodia³

Kiva partnered with the social microfinance institution, Chamroeun Microfinance Plc, in Cambodia to collect data from their borrowers. Chamroeun’s mission is to improve the

¹ UN, 2020.

² SPBD, 2021.

³ Chamroeun, 2021.

livelihoods, skills, and self-confidence of poor families in Cambodia by providing responsible microfinance and complementary socio-economic services. Chamroeun provides their clients with financial services and also non-financial services benefiting both the clients and their family members, such as business training, health education, and scholarships. Chamroeun has over 28,000 active clients, 84 per cent of whom are female.

1.3 Research Questions and Methodology

To better understand the needs, challenges, and constraints of women borrowers, Kiva led a study focusing on three main research questions:

- What challenges do women micro-entrepreneurs face in maintaining and growing their businesses?
- How can financial service providers improve their services to better fit the needs of women customers?
- How has COVID-19 specifically impacted women micro-entrepreneurs and how have they adapted?

Given COVID-19 constraints and limited resources, the study was designed in a way that allowed for high-quality and efficient data collection. Surveys were developed by SPBD and Chamroeun, in partnership with Kiva and ESCAP. Questions were asked to understand the borrower profile, business challenges, COVID effects, and satisfaction with lending partner products and services. The same questions were asked for the SPBD Fiji and SPBD Samoa samples whereas Chamroeun's Cambodia survey tool did not have complete question overlap given the focus on how Chamroeun's customers were adapting after losing their garment industry jobs. The report highlights insights comparing the responses from SPBD Fiji and SPBD Samoa customers and also comparing all three survey samples when data is consistent across all. Full questionnaires for all three countries are available on request.

Enumerators were hired, trained, and deployed by all three organizations, SPBD Fiji, SPBD Samoa, and Chamroeun, to interview a random sample of women borrowers. Enumerators were trained according to the enumerator guide developed by Kiva researchers available on request.

Borrowers were randomly selected using stratified random sampling based on regional location, membership years, and loan size. Data was analyzed using Microsoft Excel, and statistical analysis software including R, and Tableau.

1.4 Sample Size and Sample Description

SPBD, Fiji

Respondents in Fiji included 100 randomly selected current women borrowers across SPBD's six branches. These women were randomly selected from SPBD's current membership list of nearly 5,000 borrowers. This representative random sample has a confidence interval of +/- 9 percentage points around the mean response for most questions at the 95 per cent confidence level. The results show that the vast majority of respondents were between the ages of 25 and 64 and most were married with children. Approximately half of the respondents had been an SPBD member for more than four years and the vast majority of respondents had completed secondary education or higher.

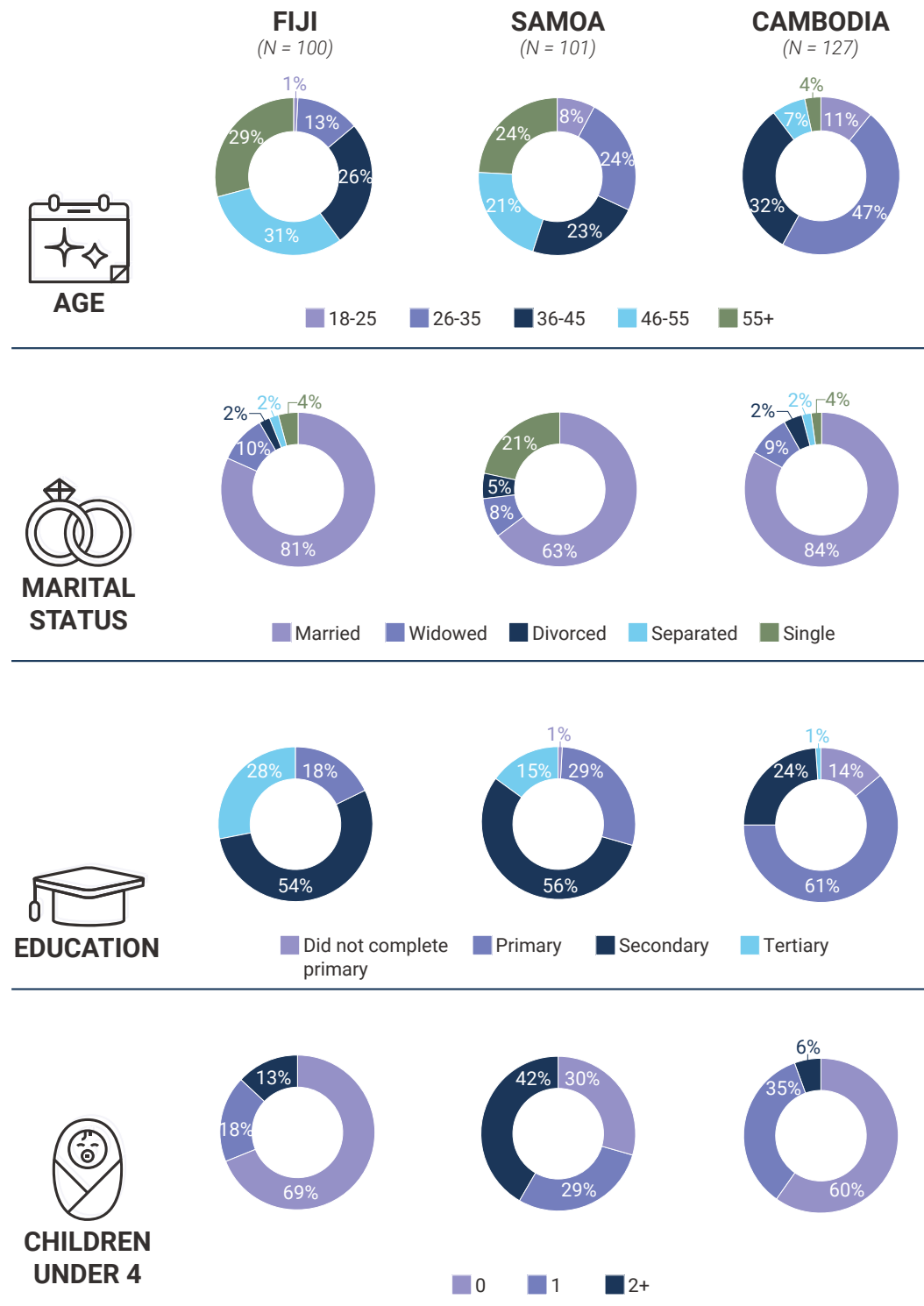
SPBD, Samoa

Respondents in Samoa included 101 randomly selected current women borrowers across two branches. These women were randomly selected from their current membership list of close to 5,400 borrowers. This representative random sample has a confidence interval of +/- 9 percentage points around the mean response for most questions at the 95 per cent confidence level. The study finds that the majority of borrowers were between the ages of 25 and 64, were married, had children and 70 per cent had children under the age of four in their household. Additionally, more than seventy per cent of respondents had completed secondary education or higher.

Chamroeun, Cambodia

In Cambodia, the sample consisted of 127 randomly selected Chamroeun women customers who reported having lost their jobs as garment workers as a result of the COVID-19 economic downturn. The responses for Chamroeun's sample will not be representative of Chamroeun's overall customer base as respondents had to have lost one of their primary sources of income in order to be eligible for the study. The results show that approximately one-quarter of the respondents were first-time borrowers of Chamroeun and the majority were married and had children. Similarly, roughly 25 per cent of customers had completed secondary education or higher.

Figure 1: Description of the sample*



*Numbers may not sum to total due to missing data; and percentages may not sum to 100 per cent due to rounding.

1.5 Limitations

The samples for SPBD Fiji and SPBD Samoa are representative samples of SPBD's current women customers, however the sample size is not large enough to generate a small confidence interval. Additionally, the results for Fiji and Samoa are not meant to be representative of all women micro-entrepreneurs in their respective countries as the clients of SPBD likely vary on a number of characteristics when compared to non-SPBD women micro-entrepreneurs. The survey was also conducted in December 2020 and January 2021 during the ongoing COVID-19 pandemic, making it likely that business challenges reported are more serious than in non-pandemic times given the global economic downturn and limited tourism to Fiji and Samoa in particular. The survey in Fiji was also conducted shortly after Category-5 Cyclone Yasa hit the country in December 2020, which should be taken into consideration when interpreting the results from SPBD Fiji's customers.

The sample in Cambodia is not representative of all women entrepreneurs in Cambodia and is not representative of women customers of Chamrouen, since a condition for inclusion in the study required the respondents to have lost their garment jobs due to the poor COVID-19 economic conditions.

Lastly, the correlations generated from this study are not meant to be interpreted as a causal relationship as this is a descriptive study at one point in time designed to look at average results across a variety of topics.

2. RESEARCH FINDINGS

Organization of Research Findings

2.1 Compounding Barriers and Shocks Faced by Women Entrepreneurs

- Gender-Based Barriers
- Household and Business Shocks
- COVID-19 Effects

2.2 A challenging business operating environment and contributing factors

Top Challenges Faced

- Business Challenges Vary by Business Activity
- Challenges of Starting a New Businesses
- Financing of a New Business
- Contributing Factors to Business Challenges
- Lack of Industry Diversification
- Lack of Business Management Practices
- Barriers to Formal Financing and Registration

2.3 Women borrowers see positive impact from microfinance, but there remains an opportunity for tailored and targeted design for stronger and more sustainable outcomes

- Improved Livelihood and Household Condition
- Increased Self-Confidence
- Improving Loans and Services to Benefit Women Entrepreneurs

2.1. Compounding Barriers and Shocks Faced by Women Entrepreneurs

Across all three countries, it is clear that women entrepreneurs face compounding barriers to business growth and even survival, as well as multiple household responsibilities, all of which have only been exacerbated by the COVID-19 crisis. Though each country and borrower context differs, the results show that entrepreneurs face common challenges and risks simply because of gender, as well as exposure to household and business shocks, and the negative economic effects of COVID-19.

Gender-Based Barriers

The research findings illustrate that some women micro-entrepreneurs face household responsibilities that compete with their capacity to run a successful micro business. The data shows childcare and other household responsibilities, along with relationship

dynamics, impact business decisions for a significant portion of women. While comparative data is not available for men, the context in the research locations means that there are significant gendered divisions of labour when it comes to household chores and child care which disproportionately fall on women.

Balancing Childcare and Business Management

This research shows that between 30 and 60 percent of women entrepreneurs in the study reported having at least one child under four living in their household. While women did not associate the additional responsibility of young children as an impediment to business success, it was seen as a challenge for maintaining and growing their businesses:

Among the mothers of young children, *half of the women in Samoa reported that not having enough time to spend on business because of childcare was a problem for them to maintain their business*. This is in contrast to just 20 per cent of Fijian mothers reporting the same challenge, which may be explained by different socio-cultural norms.

The challenge of balancing family and work responsibilities was also identified by Chamroeun's customers in Cambodia. Among those surveyed, all of whom were unable to find work after losing their job in the garment industry, the *top-cited barrier they faced to find another income-generating activity was the lack of time to take care of children and the household*. This challenge was likely exacerbated by COVID-19 as the garment factories, where the Chamroeun respondents worked prior to COVID-19, often provided childcare services for their employees.⁴

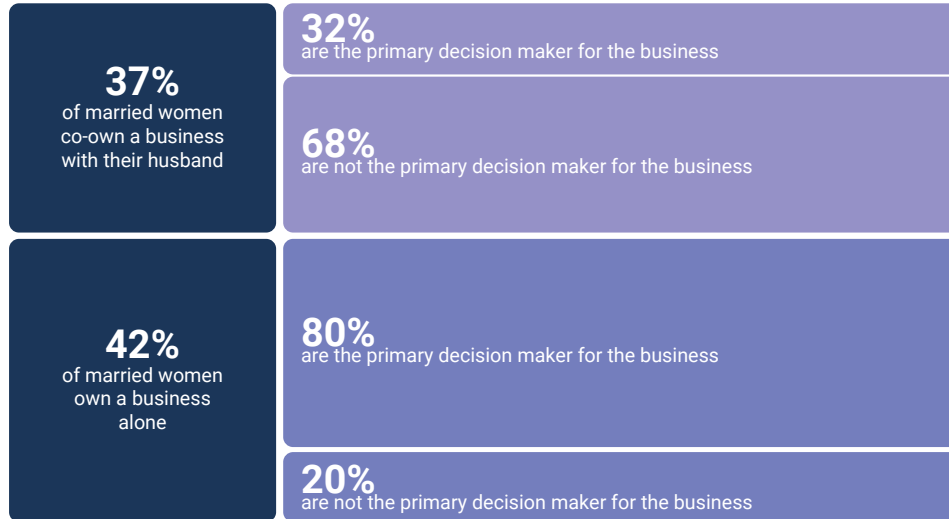
Household and Husbands Influence Women's Business Activity

The study finds that the percentage of married women who co-own businesses with their husbands varies widely depending on the country. In Fiji, twenty-five per cent of married women reported dual ownership with spouses versus 50 per cent in Cambodia, and 63 per cent among married women in Samoa. Co-ownership status affects whether women report being the primary business decision maker. As the charts [Figure 1, Figure 2] illustrate below, in Cambodia and Samoa, decision making power increases significantly when women are the sole owners.

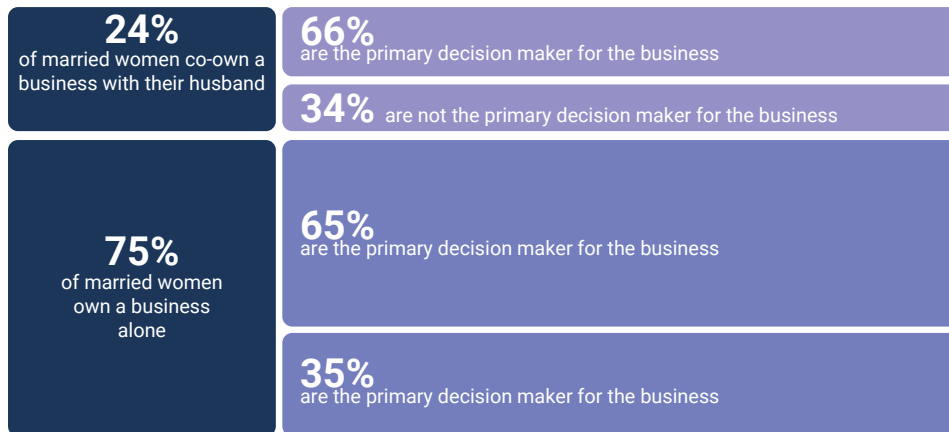
⁴Based on qualitative discussions with Chamroeun leadership.

Figure 2: Primary decision making percentages by business ownership status in Cambodia, Fiji, and Samoa samples

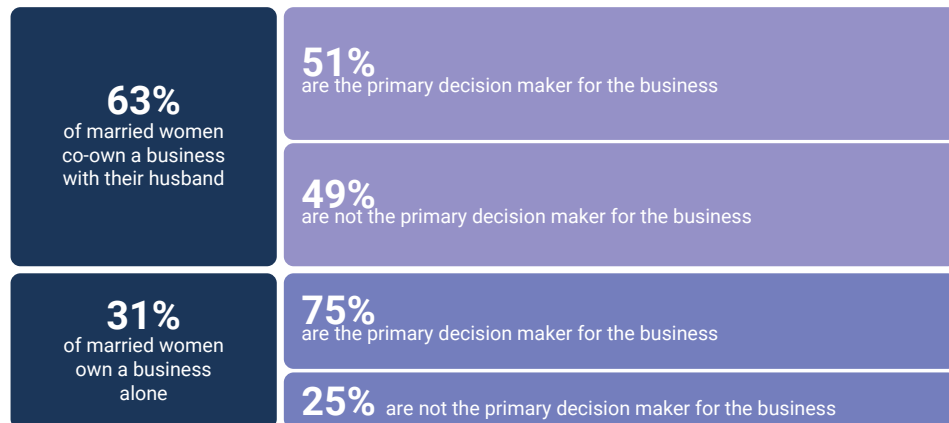
IN CAMBODIA...



IN FIJI...



IN SAMOA...



There is a sharp difference between women entrepreneurs in Fiji and Samoa when it comes to whether their own personal preferences determine their business activity. When asked who influenced their business activity choice, nearly 80 per cent of Fijian women reported their own personal preference significantly influenced their business activity compared to less than 29 per cent of married women in Samoa. This corresponds with a higher proportion of business co-ownership of married women in Samoa (63 per cent vs 25 per cent in Fiji) as well as generally higher employment rate of husbands in Fiji, which makes them less likely to start a joint venture with their wives for income generation. Household responsibilities also play a role in the business pathway selection, with some 20 per cent of all Fijian and Samoan respondents choosing self-employment because it was compatible with family obligations.

In Cambodia, all of Chamroeun’s women clients had a co-borrower on their loan, as required by Chamrouen’s loan policies. The study finds that in 77 per cent of cases the co-borrower was the woman’s husband. Chamroeun stated that the primary rationale for this policy is that the loan benefits the household and that microfinance institutions want to ensure both the husband and wife are aware of the loan. Though co-borrowers of other family members or friends are not uncommon in the region or sector, it may be important to understand the trade-offs that emerge from the co-signing requirement, compared to the potential benefits of loans being underwritten or solely disbursed to individual women borrowers. Recent research has shown that when loans are disbursed privately via a mobile wallet rather than in cash to women borrowers, they make 15 per cent higher profits and 11 per cent higher levels of business capital. This is possibly owing to social pressure for women to share loan funds with other household members for reasons other than the business, demonstrating the significance of the microfinance product design on outcome.⁵

Given the multiple roles and corresponding responsibilities that many women have – as mothers, wives and breadwinners – it is not surprising then that across all three countries, more than 80 per cent of women operate their businesses out of their homes.

Figure 3: *Percentage of businesses operating out of the home.*



⁵Riley, 2021.

Loans Used for Both Household and Business Purposes

The findings show that women micro-entrepreneurs typically use their loans for more than just business purposes. Among members of SPBD Samoa and Chamroeun, the study finds that slightly less than half of members use loans obtained exclusively for business purposes. SPBD members generally apply loans to two to three different purposes. Among SPBD members that report only having a loan for business purposes, 33 per cent in both Samoa and Fiji allocate a portion of loans to home improvement housing improvements and one in four (24 per cent) use a portion of the loan for household needs. An additional 21 per cent dedicate part of the loan to their children's education. Regardless of how loans are used, repayment rates remain high. There is some evidence that consumption loans contribute positively to household welfare, and given the increased household burdens during COVID-19, consumption loans may be critical to balancing these competing resource requirements.^{6,7}

Future Research Focus: Microfinance and Domestic Violence

Another household concern voiced by SPBD customers is the issue of domestic violence in their communities. Nearly one-third of people believe COVID-19 has contributed to an increase in domestic violence and another one-third have the perception that loans increased domestic violence in the home. The study found that the vast majority of women expressed the need for more resources and support for stopping domestic violence. While this was not the primary focus of this study, further research should be conducted to understand the true impacts of both COVID-19 and microfinance on the prevalence of domestic violence in this region. Future research should examine the potential link between household loans and domestic violence and explore what policies financial service providers can adopt to minimize the risk of domestic violence, while also ensuring customer's credit needs are met.

⁶ J-PAL, 2018.

⁷ Pories, 2019.

Figure 4: Loan use by percentage of women reporting on loan purpose, by country



*SPBD does not allow consumption-only loans

Household and Business Shocks

In addition to the “time poverty” that women face as the primary childcare and domestic providers, severe negative shocks throughout the year at both the household and business level constrain business maintenance. Due to the low level of income earned by these micro-entrepreneurs,⁸ negative income shocks may cause significant business disruption or business closures.

**Note: this section will only include analysis of SPBD Fiji and SPBD Samoa customers, as these topics were not included in the Chamroeun Cambodia survey.*

Household Related Shocks

Nearly 72 per cent of SPBD Samoan respondents report experiencing a negative household shock in the past 12 months, including nearly half of which have had a household member with a serious illness, and 21 per cent reported the death of an immediate family member, while 25 per cent lived through the adverse impacts of flooding or storms. These household shocks likely increase the burden of household responsibilities for women, limiting the time and focus they can commit to their businesses. Indeed, women and men are acknowledged to have differential vulnerabilities to and impacts from climate-induced disasters, with women and girls suffering more in the aftermath of a disaster because of higher levels of morbidity and displacement, less economic support due to sociocultural bias, and exacerbated gender-based violence. With the Pacific region anticipated to face an increased prevalence of such disasters in the coming decades, it is critical for policymakers to adopt a gender lens to disaster risk management strategies.⁹

Business-related Shocks

Women entrepreneurs operate in an environment in which they routinely and increasingly face negative business-related shocks, which can more severely impact women compared to their male counterparts. This research shows that 72 per cent of SPBD-funded Fijian businesses have experienced unpredictable disruptions to their livelihoods over the past 12 months, including nearly one-third of businesses that were damaged or destroyed due to flooding or storms, which are only likely to increase in frequency and magnitude as climate change impacts worsen. Given the minimal profits and low margin of savings that many of these businesses have, negative shocks are likely to lead to permanent business closures, making women entrepreneurs more vulnerable in the event of disasters. Assessing and implementing shock or resilience-related product or service features, such as climate and disaster risk insurance, is paramount for institutions working to finance female borrowers in the Pacific.

⁸ Samoan respondents earn approximately US \$187 per week; incomes for Fijian and Cambodian borrowers are \$127 and \$175 per week, respectively.

⁹ InsuResilience, 2019.

Figure 5: Top household (HH) shocks experienced by women in Samoa and Fiji in past 12 months

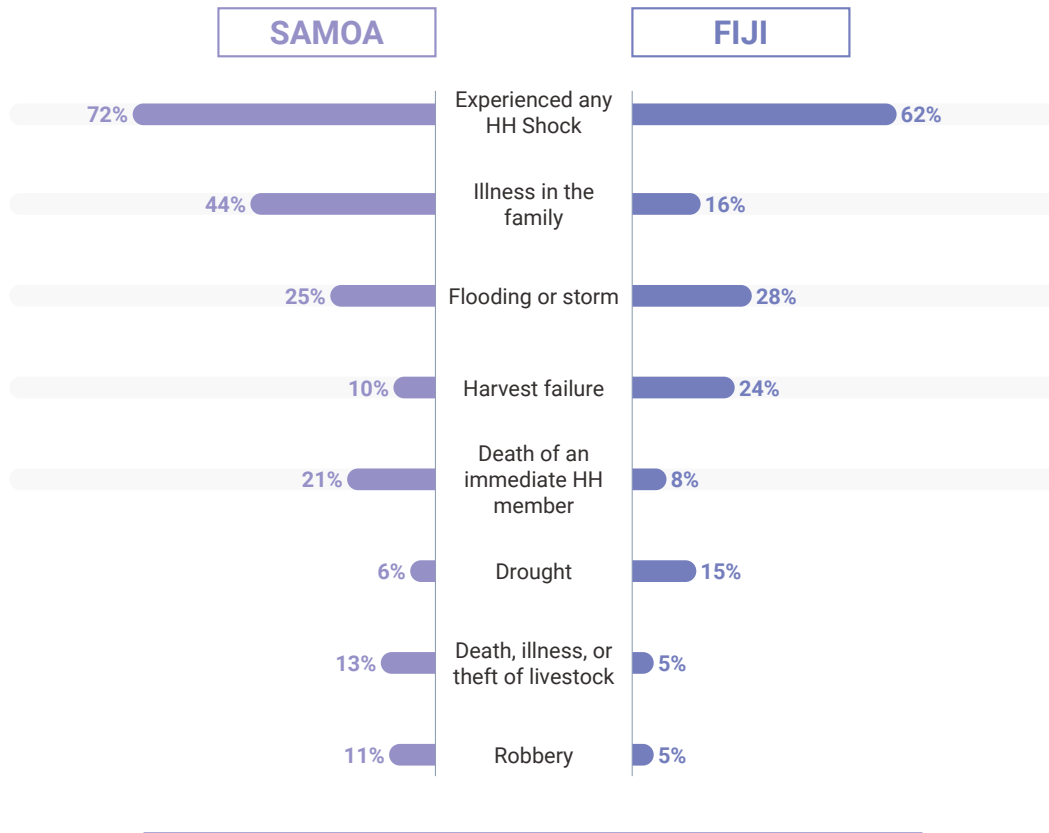
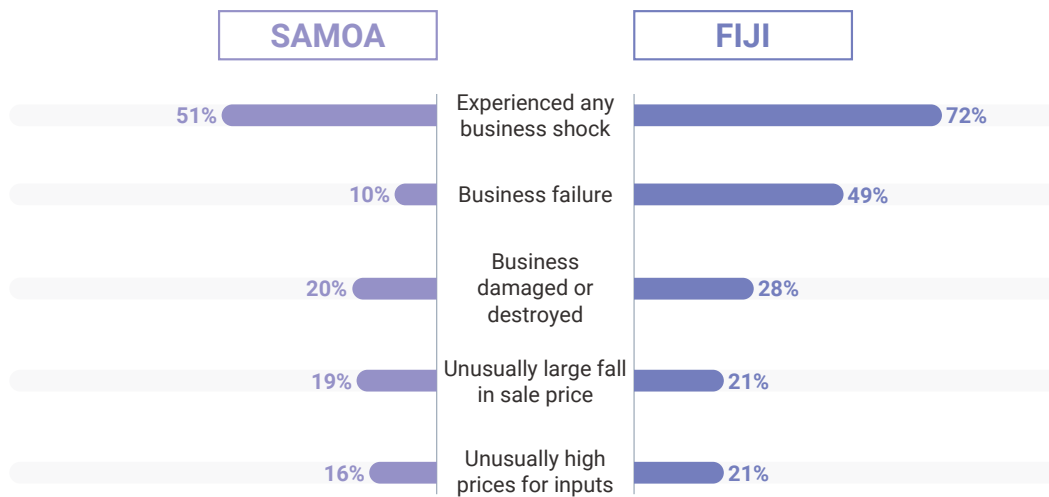


Figure 6: Top business shocks experienced by women in Samoa and Fiji in past 12 months



COVID-19 Effects

The economic fallout of the COVID-19 pandemic has negatively affected the majority of micro-entrepreneurs in Fiji, Samoa, and Cambodia. Among Chamroeun’s borrowers that lost their garment sector jobs, 90 per cent report worsening financial situations and 73 per cent have had difficulty repaying their loans during COVID-19. Furthermore, almost half of borrowers report that their new working hours are longer than pre-COVID working hours, yet they are receiving lower pay, adding to the disproportionate number of hours women spend on paid and unpaid work when compared to men.¹⁰ Although women in Cambodia earned roughly 20 per cent less than men in the same jobs pre-COVID-19, they are now working more days for similarly less pay (US \$185 for 22 days versus \$196 for 18 days for men).¹¹ Three quarters (75 per cent) of respondents report that their new income generating activity also places them in a situation they are not entirely comfortable with, due to either physical security, clientele, or actions that are asked of them.

Although Fiji and Samoa were less impacted by the virus in terms of lockdowns and restrictions resulting from health system crises, the effect on small business owners was still significant, with reduced consumer demand, a hampered ability to source products, and a surge in suppliers from semi-subsistence backyard gardens that reduced profits.¹² The pandemic also shut down tourism activities and external trade, which hurt a lot of Fijian and Samoan micro-entrepreneurs reliant on this industry for their livelihoods. The pandemic put increased pressure on micro-entrepreneurs to adapt in order to prevent large income losses. About half of SPBD members reported now being in a worse financial situation than before COVID-19.

Figure 7: Percentage of respondents negatively affected by COVID-19



Each partner’s clients coped with the income shock in different ways. In Cambodia, where the effects were greatest, when asked about how members adapted to declining earnings, **a concerning majority (84 per cent) reported that they had reduced their food intake.** One reason why this percentage may have been so high is that this survey was conducted in March 2021 nearly one-year after the start of the pandemic which meant that households may have already driven down their savings earlier in the pandemic and now had to cope using more drastic measures as seen in other studies of how microfinance customers

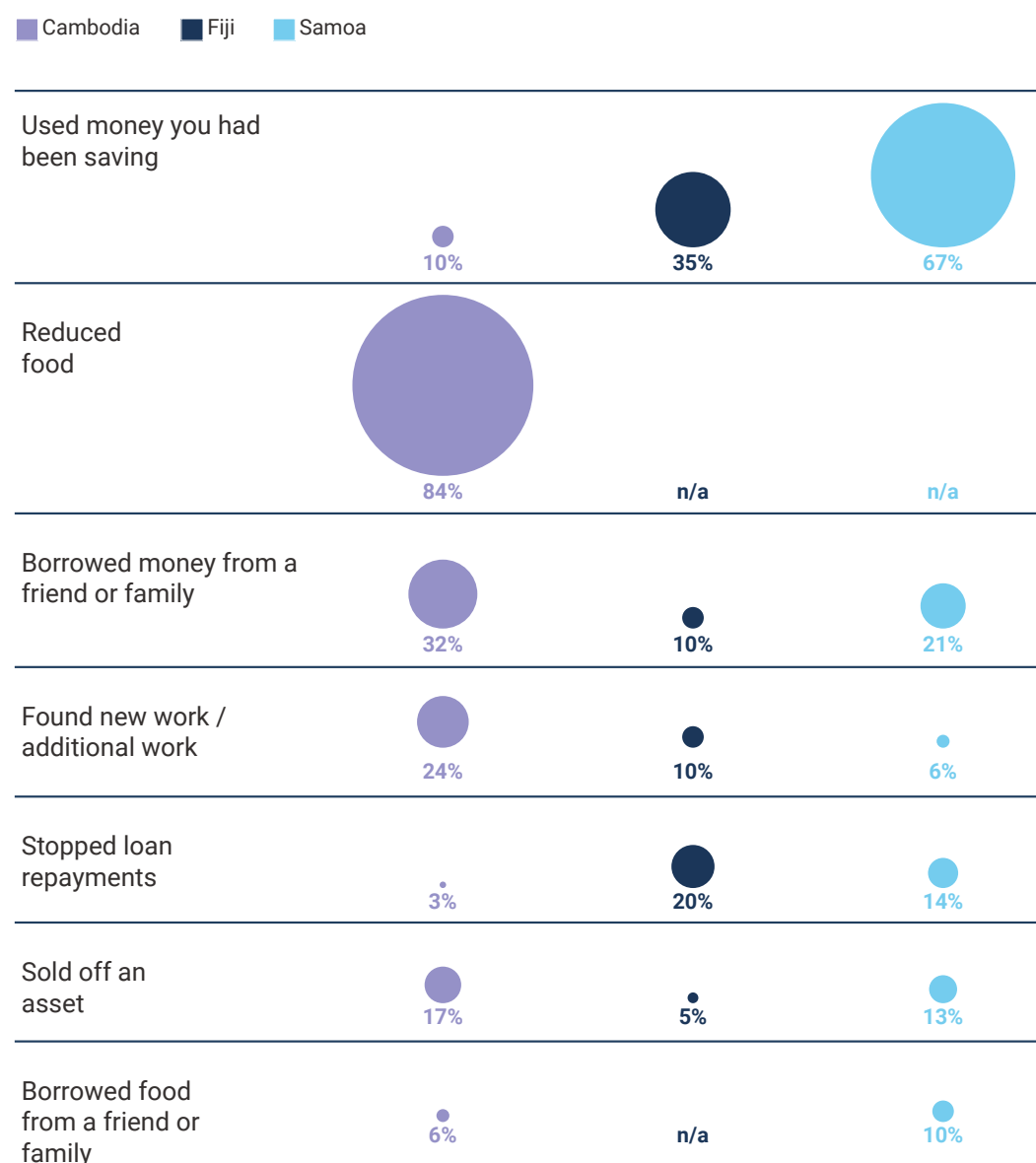
¹⁰ United Nations, 2015.

¹¹ Solidary Centre, 2021.

¹² USC, 2020.

coped with COVID-19.¹³ In contrast, SPBD members in the Pacific were largely able to rely on their savings or borrow money from a friend or family member. Interestingly, 25 per cent of respondents in Fiji said they adapted to the negative shock by increasing their subsistence farming and fishing activities.

Figure 8: Top coping mechanisms for dealing with negative income effects of COVID-19



¹³SPTF, 2021.

2.2. A complex business operating environment and contributing factors

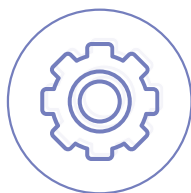
The study finds that women are operating their businesses in a complex business environment where their incomes are increasingly challenged by external influences, ranging from natural disasters to saturated industries, the latter of which indicates the significance of business training with a market assessment of pre-existing players prior to loan grants. Micro-entrepreneurs face a range of obstacles throughout the life cycle of their businesses which also influence their access to, and use of, financial services as well as their choices around maintaining and growing their business ventures. This section highlights the top obstacles to business success.

Top Challenges Faced

Among women entrepreneurs in Fiji and Samoa (Cambodia is not included in this section as different survey questions were used)¹⁴ 80 per cent of the most-cited challenges to maintaining a business fall into six categories, ranked in order by most commonly mentioned:

¹⁴ The respondents in Cambodia were not asked about the challenges of maintaining a business, only about the challenges of starting a new business.

Figure 9: Top Challenges Faced by women entrepreneurs in Fiji and Samoa



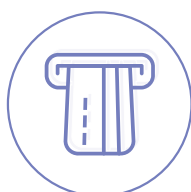
Too much business competition in my industry

A Samoan Elei cloth producer says, "For now there is too many elei business but not enough people to buy it."



Not enough demand for my product or service

A Fijian vegetable seller says, "I am unable to sell my products and get enough sales. [I would like] new ideas on what I should sell in the market that customers are willing to buy and in high demand for it"



Selling goods or services on credit and not being paid back

A Fijian kava sellers says, "Villagers are taking goods on credit and not paying as promised."



Disruptions due to natural disasters

A Fijian flower producer, "Selling of flowers is very difficult especially in wet weather or during natural disasters where the plants and nursery is destroyed or damaged."



Household needs that take away savings from business

A Samoan shop owner says, "Most of my grandchildren stayed with me so most of the time they need food from the store."



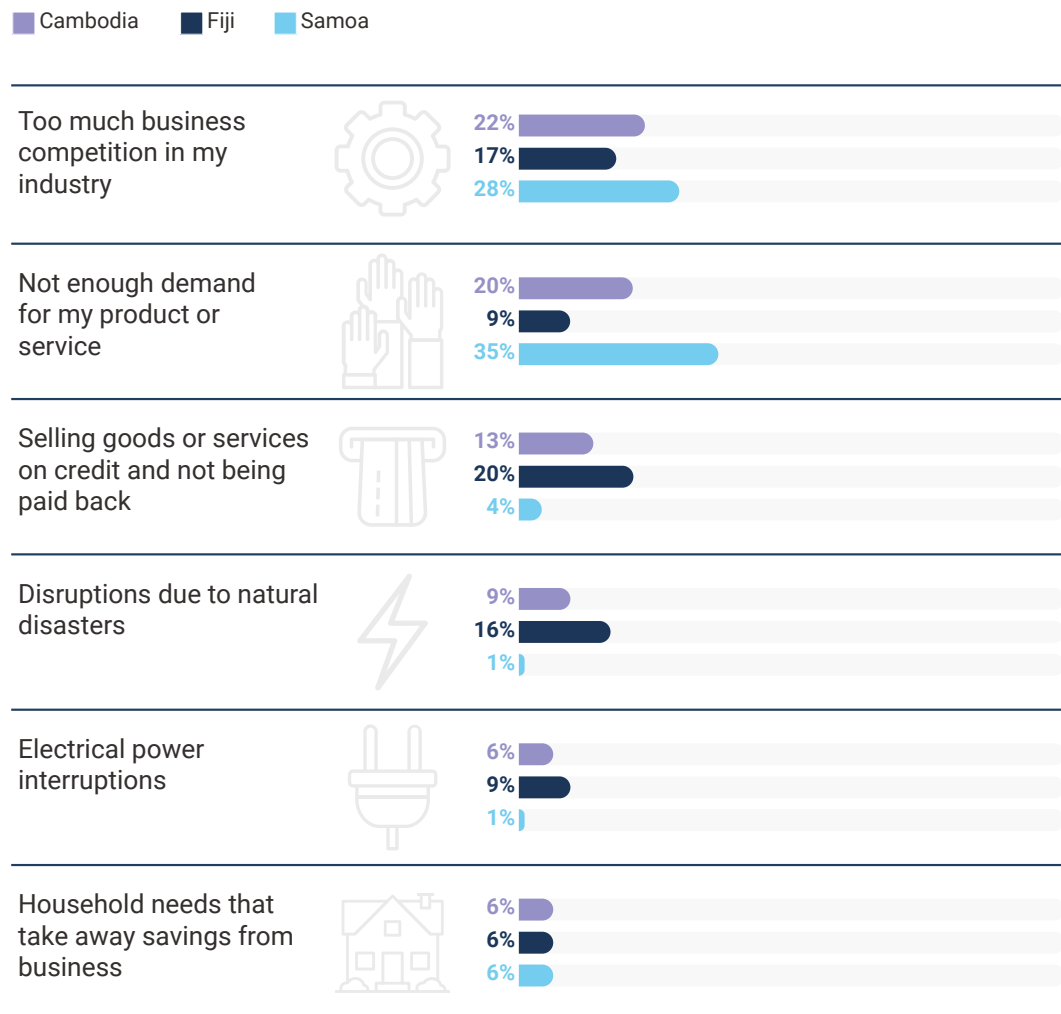
Electrical power interruptions

A Fijian canteen shop owner, "When the electricity switches off, the deep for my cold stuff turns off and most of my ice blocks that I sell melts and it cannot be sold again because it's in liquid form so for me that it a huge waste and my family ends up drinking it but no money is received from it because of its condition."

As the Figure 9 shows, business women in Samoa and Fiji face common difficulties when it comes to too much business competition, not enough demand for their products, and having too many household needs that take away from their business. The diversity of obstacles shows the importance of identifying the unique challenges and needs of clients for each microfinance organization and not overgeneralizing the obstacles confronting women entrepreneurs globally. The diversity in required solutions and policies is associated with sociocultural differences between countries; for example, the biggest problem that women in Fiji face is selling goods on credit and not being paid back by their customers.

This is likely due to the cultural custom of kere kere in Fiji, where there is an expectation to provide goods on credit to local villagers who are in need. Women may be at a disadvantage to this custom, because customers are perceived as less likely to pay back the cost of the goods if the business owner is a woman. SPBD Fiji leadership have noticed some of their women borrowers have reported that the business loan has provided them with a valid argument to require all customers to pay in cash and not on credit and this is encouraged throughout SPBD Fiji’s business training program.

Figure 10: Top challenges in maintaining their business

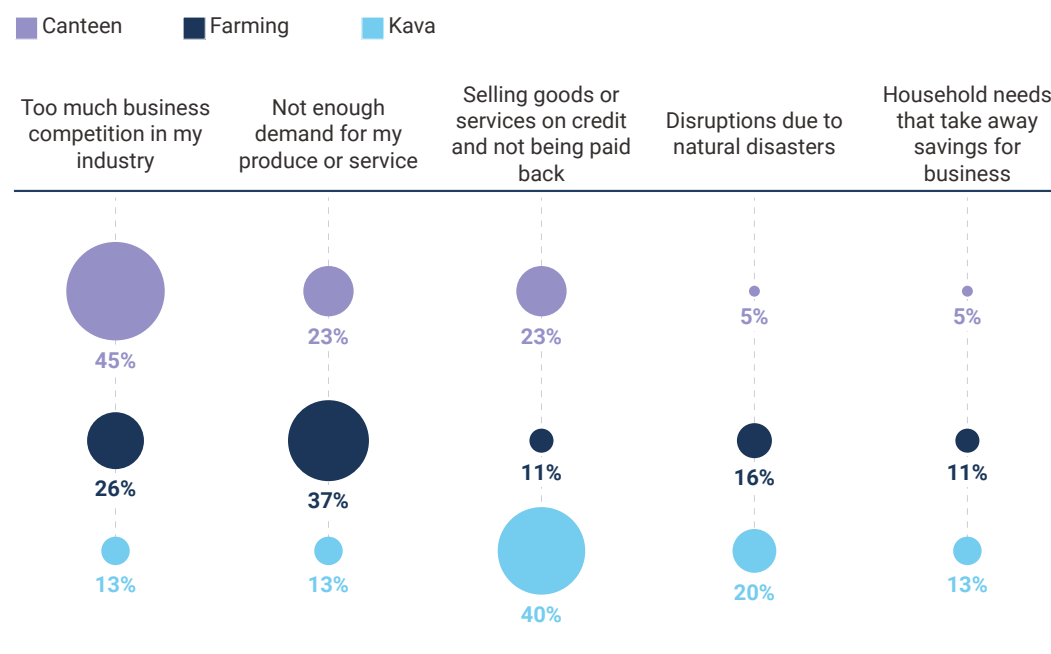


Business challenges vary according to market segment

In Samoa, however, purchases on credit are not considered an issue (number 7 in terms of problems for women business owners). And in Cambodia, the main issues remain constant across business activities; the vast majority of borrowers reported that the **lack of business capital prevents the business from growing**, reflecting a clear need for boosted access liquidity, particularly for start-ups. In Fiji and Samoa, the data was combined to look

at trends across business activities. Entrepreneurial adversities varied according to the market segment. For example, canteen shop owners in Fiji and Samoa suffer from a glut of suppliers in the market and perceive competition as the biggest hindrance to success, whereas kava sellers believe that the low rate of repayment on goods sold with credit puts a ceiling on profits, as shown in Figure 11.

Figure 11: Top challenges in maintaining the business by selected business activities



The Challenges of Starting a New Business

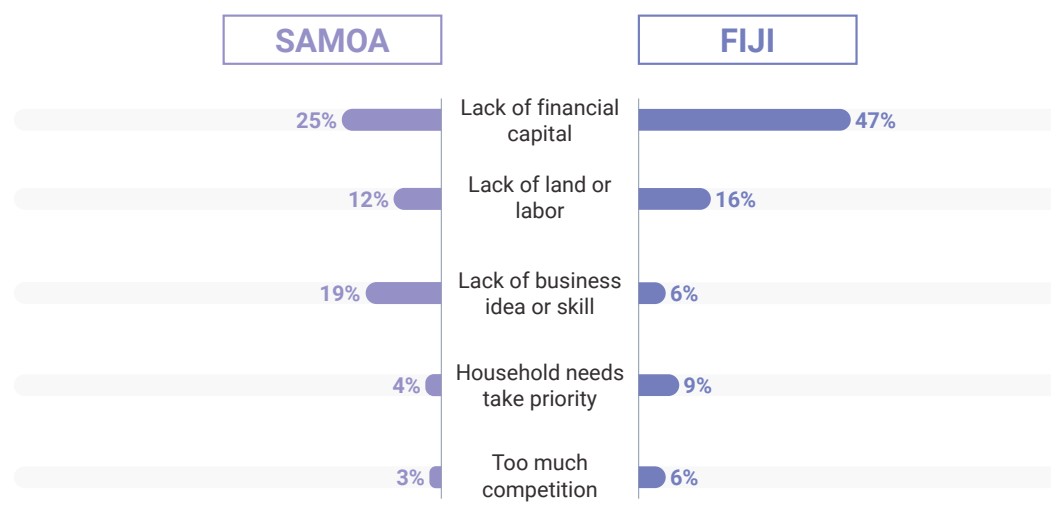
Financial capital is essential to launching a new business and is the top constraint for aspiring entrepreneurs in Cambodia, Fiji, and Samoa. In Cambodia, 56 per cent of women said that the dearth of financial capital hindered fledgling enterprise, followed by 47 per cent of women in Fiji and 25 per cent in Samoa. Even though only 25 per cent of the respondents in Samoa reported lack of capital as a barrier, it was still the most commonly cited obstacle to concretizing business ideas. Entrepreneurs in Fiji and Samoa also noted that a lack of land and labor, as well as inspiration for business activities, prevented them from initiating further income-generating ventures.

The absence of sufficient profits to employ further staff both prevents job creation – in countries where both unemployment and underemployment, particularly for youth, are critical¹⁵ – while stunting business growth. According to one seller of Samoan fa’ausi (a caramelized coconut dessert sauce) and taro, a barrier to new business is that she “needs someone to help me and my husband on doing the business”.

¹⁵ ILO (n.d).

Other entrepreneurs pointed to a skills deficit that hinders business growth, demonstrating the demand side need for vocational market-based training to further support entrepreneurial ventures. One Samoan canteen shop owner noted that she has *“No good ideas to start [a new business]”* while another Samoan farmer linked the reason for failing to initiate activity with a *“lack of experiences to start and build up new businesses.”*

Figure 12: Top challenges in starting a new business. Fiji and Samoa samples only



Financing a New Business

Given the importance of access to financing for fledgling ventures, the research shows that business loans helped the majority of women entrepreneurs in Fiji and Samoa to start their businesses, whereas women in Cambodia relied on friends and family for capital backing. This may be because of the different circumstances of how the business was started and the sample of the study. In Cambodia, women are opening a new business after losing their jobs in the garment industry and may believe they can go back to factory work after the economy improves. In contrast, SPBD encourages members to open new businesses and the women may be more committed to taking on a loan for a longer term commitment. Of those in Fiji and Samoa who received loans to start their businesses, more than 90 per cent did so with a loan from SPBD. The fact that so many women micro-entrepreneurs were able to start their businesses from a SPBD loan demonstrates the catalytic role that SPBD plays in enabling women to start new businesses.

Figure 13: Percentage of respondents who obtained financing for their business by loans or by savings

IN SAMOA...



IN FIJI...



IN CAMBODIA...



Additional Business Challenges

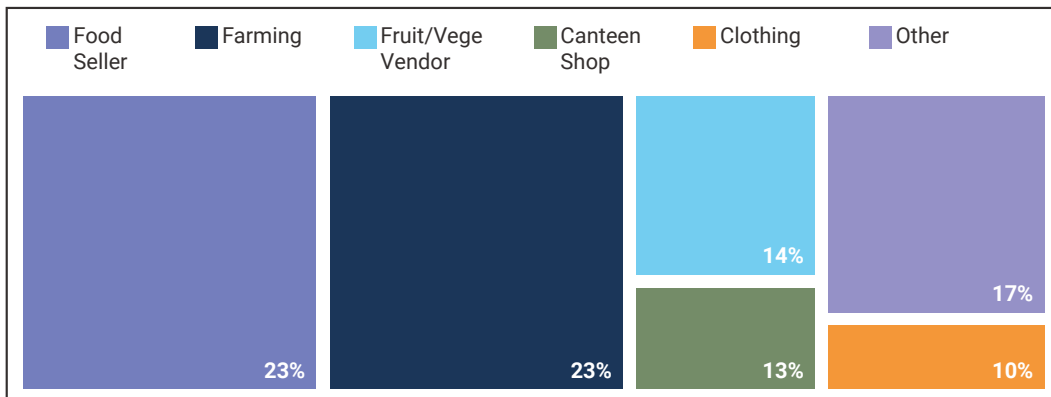
Lack of Industry Diversification

The main challenge for women entrepreneurs in all three contexts is business competition. This is supported in the research findings which show that there is a high concentration of businesses in a limited number of industries. For example, in Fiji, just three business categories account for more than 77 per cent of the business types: food sellers, canteen owners, and kava sellers. Similarly, in Samoa, 73 per cent of women-owned businesses are concentrated in food selling, farming, vegetable selling, and canteens. Among Chamroeun's members who lost their garment jobs, 82 per cent turned to agriculture. This industry

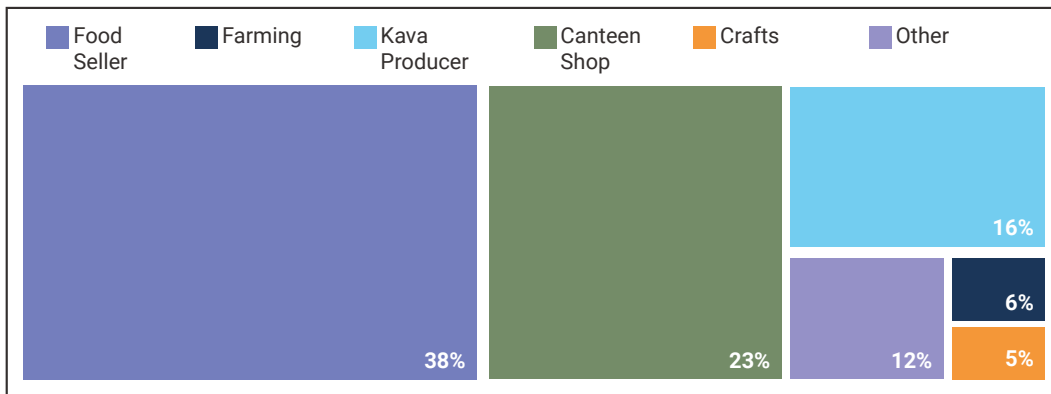
concentration reflects the limited business opportunities available to women while they also have competing household responsibilities, limited education, and limited business skills.

Figure 14: Percent of businesses by activity in Samoa, Fiji, and Cambodia

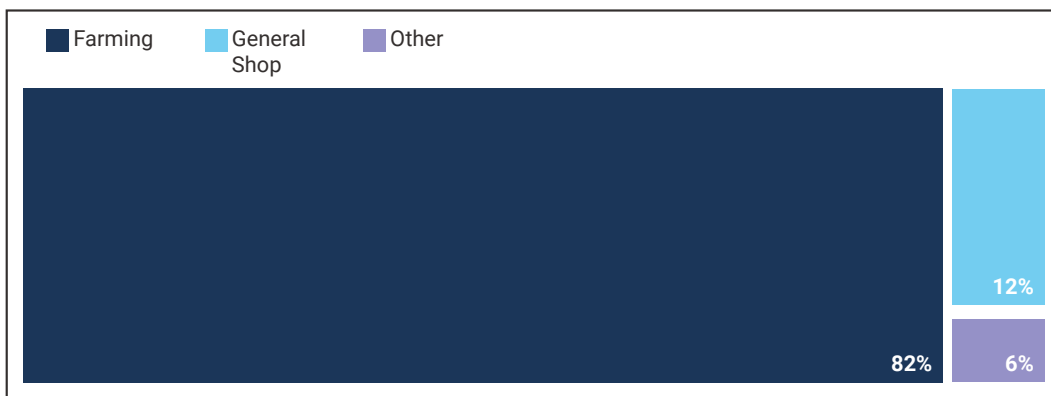
IN SAMOA...



IN FIJI...



IN CAMBODIA...



These highly concentrated industries also correspond to lower profitability. For example, the average weekly income of women in the Samoan retail business in Samoa, which is a niche market with only 18.2 per cent of the share¹⁶, is 2.5 times higher than the food sellers. However, women also lack the skills necessary to diversify the industries in which their businesses focus. The main business industries represented align with skills women often learn from household responsibilities. When asked what factors influenced their decision to start a particular type of business, the top factor was the woman's existing skills and knowledge.

Lack of Business Management Practices

Coupled with limited industry skills is the lack of strong business management practices seen among some of the women entrepreneurs surveyed. Only 45 per cent of Samoan microentrepreneurs keep written records of every sale and similarly only 47 per cent of Cambodian microentrepreneurs keep their business finances separate from their personal finances. In Fiji, the research finds that record keeping is much more common with the vast majority (85 per cent) of business women reporting they keep consistent written records of their business activities. Business formalization, including record-keeping, is believed to be higher due to the associated legal mandates for business registration required in Fiji. Additionally, SPBD Fiji provides business formalization services to its clients to support this legal requirement. The study shows that respondents who keep written records of their business activities have between 40 and 60 per cent higher weekly business revenues, implying there may be a relationship between business practice training and improved business revenues.

Keeping written records is critical to monitoring the progress of a business. Without written records, women entrepreneurs are unable to see whether their business is improving, which items are selling, or what changes need to be made to improve profitability. Similarly, without keeping separate accounts, it may be more likely that women divert business profits towards household expenses and it may make it easier for other family members to access this money for non-business purposes.¹⁷

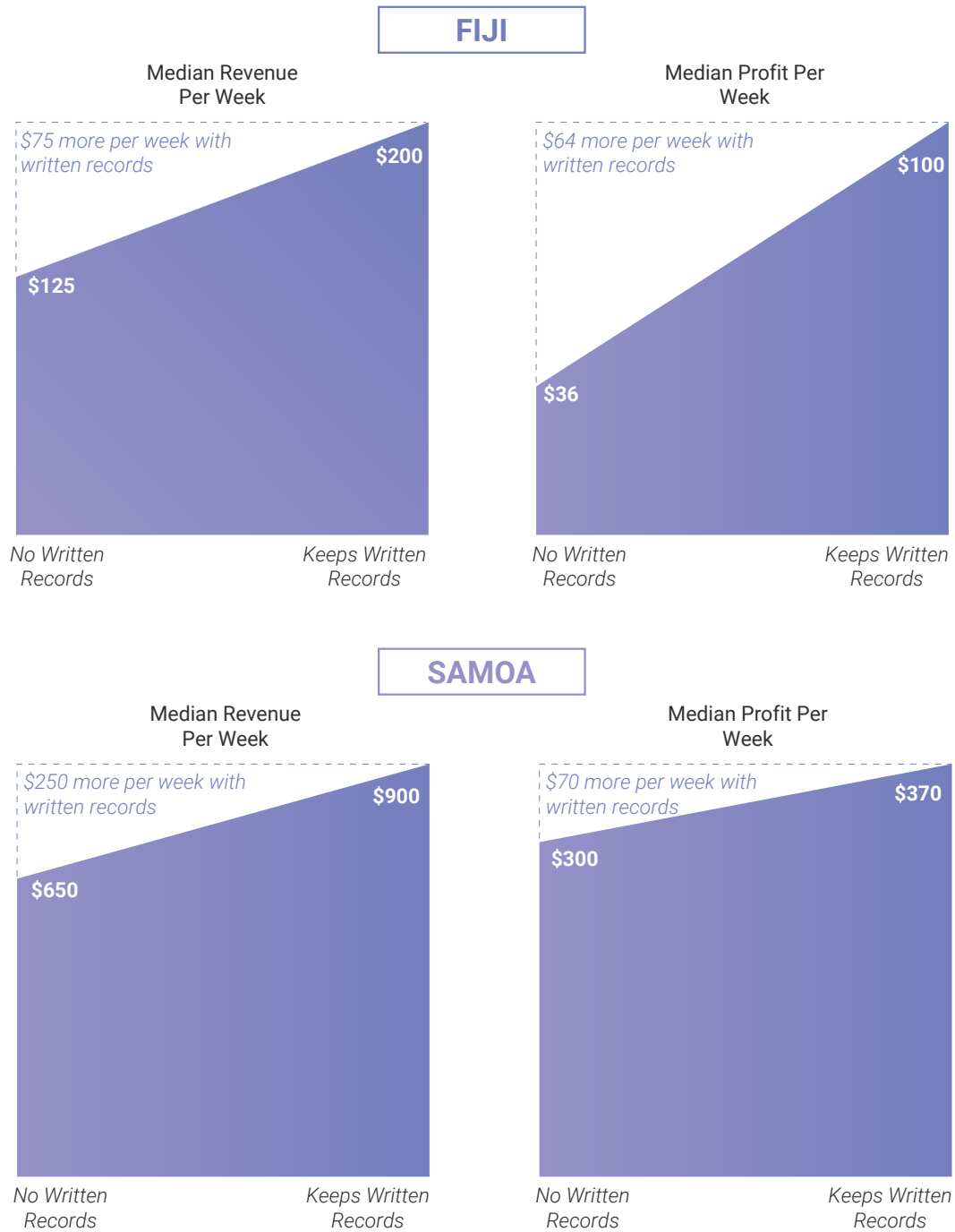
Barriers to Formal Financing and Registration

The informal nature of many women-owned enterprises limits their ability to access formal financing opportunities. When asked what barriers women faced in accessing loans from formal institutions, the majority of women said they fail to meet documentation requirements, such as ID documentation to meet customer due diligence, or know your customer (KYC) requirements, financial statement documents, or documentation to use assets for collateral.

¹⁶ ILO, 2019.

¹⁷ World Bank, 2018.

Figure 15: Correlation between record keeping and median revenues and profits among sampled businesses in Samoa and Fiji



More than half of the respondents in Fiji reported that documentation, such as business registration, financial statements, or collateral documentation prevented them from accessing formal loans. More than 30 per cent of Samoan respondents suffered similar challenges, and only 16 per cent of women surveyed in Samoa report having a National ID card. Governments should continue to work on national ID programs or processes for birth and civil registration (like Samoa is in the process of rolling out¹⁸), to provide easier access to documentation for collateralized assets, and financial institutions. Meanwhile central banks should re-examine the documents required in order to make financial services more inclusive for women while also meeting customer due diligence requirements.

Not only are women facing barriers to accessing formal financial services but the vast majority of women-owned businesses in Samoa and Cambodia are informal and unregistered. Among the Cambodian sample, just 14 per cent of businesses are registered, compared to 34 per cent of businesses in Samoa, and 75 per cent of businesses in Fiji. This higher percentage is directly due to the legal mandate in Fiji, as well as the ease of registering online. At the time of the survey, almost half the SPBD Fiji customers had participated in the business formalization program provided by the organization.

In Samoa, the top reasons why businesses remain unregistered were related to a perceived lack of benefits from registration owing to the micro-size of the business. *“I just started the business and it’s just a small business,”* said one Samoan vegetable vendor. Others prefer to postpone the hassle of registration until it is necessary, with one canteen shop owner saying, *“Just started [my business], maybe in the next 2 years I’ll do it.”*

Incentivizing micro business owners to formalize may increase registration and lead to stronger business performance in the future, as it can enhance access to capital and other business development services. This could include the government making registered businesses eligible for government backed grants, loans, and insurance products.

Women entrepreneurs claimed that due to onerous registration procedures and the amount of time and money spent at each stage, they preferred to operate informally. The main reason for the lack of business registration in Samoa was that the respondent did not want to register, followed by the perception that their business was too small. In Fiji, most unregistered businesses claimed time constraints as the reason for failing to do so, followed by a need for further guidance from SPBD.

¹⁸ NRD, 2020.

2.3. Microfinance uplifts livelihoods despite need for tailored products

Despite the many challenges faced by women and their businesses, across country contexts, the majority of clients in Fiji and Samoa reported an overall improvement in both business and personal outcomes due to their microfinance loans.¹⁹

Improved Livelihoods and Household Conditions

Almost all of SPBD's clients cited that they have experienced positive benefits from being a microfinance member. The top cited benefits include: being able to start a new business, expand their existing business, and use the additional income to support their families or make home improvements.

As one of the SPBD Fiji customers says, "the loan... benefited the business by buying the assets of the business. Assets include a boat and a deep freezer and fishing gears. In addition, the home has also improved through renovation and expansion."

Among SPBD Samoa's members, nearly three quarters (72 per cent) reported they started their primary business with financing from a SPBD loan. As one SPBD Fiji member states:

"It was very beneficial, I was able to run my business in the village and it was timely that the villagers need a shop to buy essentials because the shops were far from the village so when I started my canteen business with the help of SPBD the villages also benefited from it and now they just buy from me." - Fiji

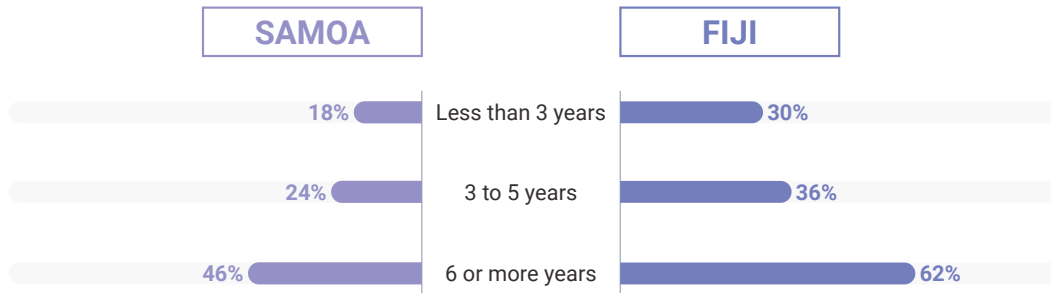
The findings also indicate that micro-entrepreneurs are more likely to own additional businesses the longer they remain as members at SPBD. This research shows that those that have been members for six or more years are approximately 2.5 times more likely to own an additional business than those that have been members for less than three years.

Increased Self-Confidence

Among SPBD members, the large majority (70 per cent) report that SPBD has increased their business confidence and 60 per cent report that SPBD has helped to increase their involvement in household decision making. This extra motivation can go a long way as one Fijian canteen shop owner says,

¹⁹ Questions on the effects of loans on livelihoods were not asked in Cambodia.

Figure 16: Percent of sampled SPBD members that report owning more than one business by number of membership years



“It’s extremely easy to get discouraged when something goes wrong or when you’re not growing as fast as you’d like. Self-doubt creeps in, and you feel like giving up.”

The SPBD model of regular weekly meetings, business training programs, and strong community support appears to be helping their women entrepreneurs to believe more in themselves.

Improving Loans and Services to Benefit Women Entrepreneurs

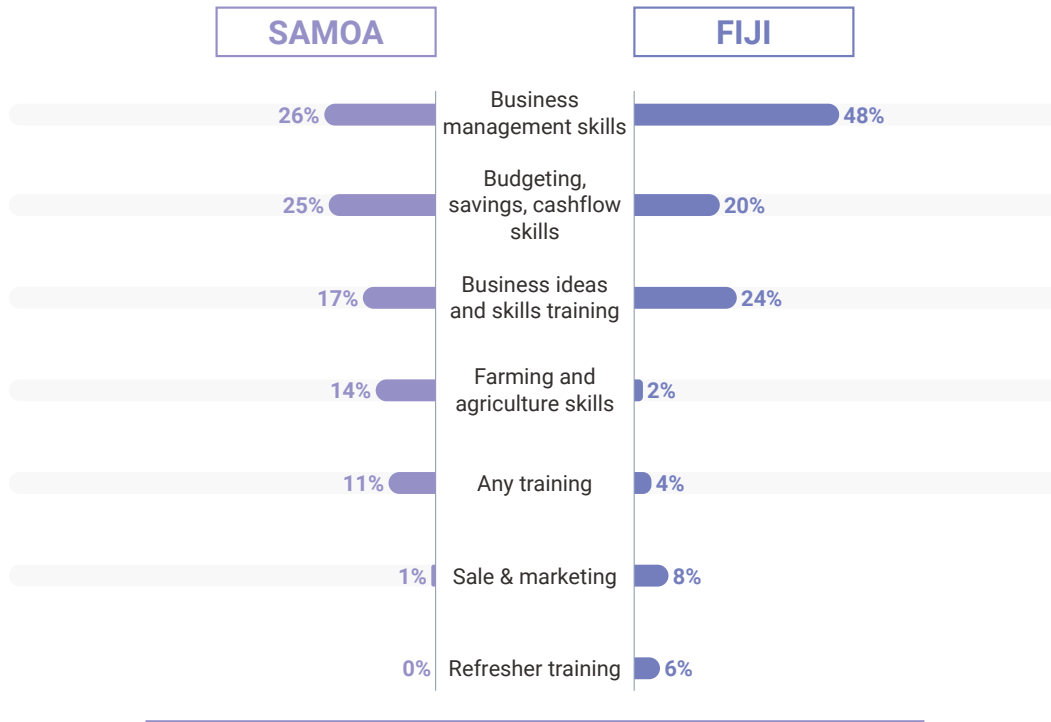
Although customers were very satisfied with their loans, improvements related to innovations in product design, product features, and wraparound services could better support clients in starting, maintaining, and growing their businesses.

Customers Call for more business management trainings

The research was designed to hear directly from women clients on their needs and suggestions to improve the microfinance services. Business training was a top suggestion amongst all women surveyed. The majority (90 per cent) of SBPD’s customers were interested in attending a business training course in the future. When Chamrouen customers were asked how Chamroeun can be of better service, the second-highest recommendation was for Chamrouen to provide business management training. When asked about business training needs, the vast majority of women in Samoa (92 per cent) and Fiji (89 per cent) showed strong interest in learning business management skills. The majority (62 per cent) of respondents in Cambodia requested business coaching. Other recommended topics included budgeting and cashflow skills, business innovation and new skills training, and agriculture skills training.

As one SPBD Fiji member states, “[I’m] interested in a training that will bring ideas on how to expand [the] business and venturing into various business without having to fail.”

Figure 17: Top business training classes requested among sampled SPBD Fiji and Samoa members



Financial service providers should consider offering non-financial business services to their women customers, as adding those services could improve the likelihood of women having successful businesses. In addition to providing general business management and financial literacy training, providers should also ensure courses on the development of market-based business ideas and skills training. The women micro-entrepreneurs in this sample have a strong demand for these services.

Suggestions for Specific Product Features

Figure 18: Across all three countries, women requested adaptations to products



Lower cost of loans

The top suggestion was for loans to have lower fees and interest rates. The research finds that women in agriculture and those who had been clients longer were more likely to think loans fees were high. Microfinance organizations should continue to innovate to bring costs down which may include further digitization efforts, better credit underwriting policies, and more capacity building investments from microfinance investors.

As one taro farmer in Samoa says, "I [would] not change anything except for the interest fee, any chance of decreasing it down."



Larger loan amounts

Respondents also suggested that an increased loan amount would benefit their businesses. In Cambodia, 35% of respondents believed that Chamroeun could further support them by providing financing to expand their business.

"Increase the amount of the first loan disbursement in order to help us in starting the business." - SPBD Samoa Vegetable Producer

"They should increase the loan amount for cycle one or new members because it helps us by starting of the new business" - SPBD Samoa food seller



More flexible repayment options

Respondents requested more flexibility in repayments or grace periods. Many clients suggested that flexible repayment periods, either every two weeks, or the flexibility to pay more in a single week would work better for their business models and sectors. Some customers wanted to pay more frequently to finish paying off the loan sooner, and others wanted to pay less frequently to allow their incomes to bounce back if there was a bad week in sales.

As several SPBD members state, they would prefer paying back their loan twice as fast each week or be allowed to make advanced payments.

"If we can do double payments in one week. Most of us want to finish off the loan payments" - SPBD Fiji canteen shop owner

"If they can give us opportunity to do advance loan repayment.(to pay more during good business week)" - SPBD Fiji fish seller

And a SPBD Fijian retail shop owner states she would prefer paying back her loan every two weeks rather than each week due to poor sales in a given week:

"If payment can be done after every 2 weeks due to slow progress of sales in a week."

3. FINANCIAL SERVICE PROVIDER IMPLICATIONS

Several insights and recommendations have emerged from this study, which can help financial service providers to develop products and better tailor services to meet the financial needs of women customers. The practical application of these findings can bolster the gender dividend that can be achieved by strengthening mechanisms for women's income generation through the improved likelihood of microentrepreneur success. Many of these recommendations are now being considered or implemented among the microfinance partners of this research.

More flexible loan policies and diversified loan products

Financial service providers should review their loan repayment policies and explore if moving to bi-weekly repayments could work better for their women customers. Additionally, these providers should consider longer loan terms, larger loan sizes, and offering grace periods to their customers. With many borrowers recovering from the negative income effects of COVID-19, these loan design changes may significantly help them recover.

This research shows that women micro-entrepreneurs have many financial needs ranging from investing in the business, improving their home and paying for their children's education. Similar to how SPBD and Chamrouen offer specific loan products for business, housing, and education purposes, financial service providers must consider adding these additional loan products to their portfolios. One example of asset financing is SPBD's unique loan product for white goods. SPBD's white goods product limits the assets that can be bought through linking borrowers with suppliers directly. This model ensures the loans are used for the intended purposes but also runs the risk of having the supplier not match the borrower's needs exactly. More research on how to expand this program is necessary.

Comprehensive Business Training

The research shows that business competition was a top challenge for women micro-entrepreneurs. Due to respondents' limited skillsets and request for more business training, a comprehensive business and skills training program could enable more business diversification and the implementation of more rigorous business practices, such as accurate bookkeeping, formal business registration, informed decision-making on lending on credit, and other practices that drive profitability. One example of how a financial service provider is considering implementing this recommendation is SPBD Fiji's efforts to help prepare borrowers to set up their businesses. Through one-pager information documents that explain the types of businesses and include information on the skills and materials needed to start the business, SPBD Fiji establishes a starting point for the brainstorming

process for a business. While these documents help members understand the types of businesses that they could manage, SPBD Fiji is now interested in conducting additional research that could help their members **determine which business activities may be best positioned to meet customer demand.**

The research recommends that business training programs should include training on business diversification and skills training. Both research partners, SPBD and Chamroeun, are aware that the majority of their women borrowers are managing businesses in similar activities and diversifying those businesses may help borrowers significantly. For example, in Chamroeun, the study found that more than 75 per cent of borrowers turned to agriculture-related businesses after losing their jobs in the garment industry.

When implementing a business training program there may be benefits in partnering with an outside organization to provide the training as they may have deeper technical expertise in the subject matter and capacity building approaches including on engaging on the gender dimensions of business challenges. SPBD currently partners with a local organization to provide business training and others may want to follow that model rather than develop training services in-house.

It is important to design business training to target both knowledge gaps and socio-cultural norms that limit the potential of women entrepreneurs.²⁰ A program run by the World Bank's Gender Innovation Lab found that coupling business training with soft skills such as self-starting behaviors, innovation, identifying and exploiting new opportunities, goal setting, planning, and feedback cycles, and overcoming barriers, led to better outcomes for women entrepreneurs.²¹ The soft skills covered in the training program should be developed specifically for the women populations being reached, for example including a component on gender-based violence for South Pacific populations who have expressed concerns regarding the link between bank loans and rising domestic violence.

Future Research into How Financial Service Providers Can Mitigate Domestic Violence

In addition, given the high percentage of SPBD clients who believe domestic violence is an issue in their community and that microfinance increases domestic violence, SPBD should consider examining whether microfinance has had an effect on domestic violence rates among their clients. This research could inform future policies and programming at SPBD to curb the potential for domestic violence amongst their women clients. Financial service providers are not well-placed to understand how best to tackle this issue. Funders and multilateral organizations should share best practices and provide tools that can be applied for local needs.

²⁰ Brookings, 2019.

²¹ Campos et al., 2017.

4. ECOSYSTEM RECOMMENDATIONS

The findings presented in this report are important in informing the policies and practices of microfinance institutions, but also in informing recommendations for Kiva, ESCAP, other investors, and broader gender lens investing stakeholders looking to improve and grow women's financial inclusion.

Listening to clients, design, and impact measurement

This study listened directly to women clients about the challenges they face and their product and service needs. These findings will be invaluable to both SPBD and Chamroeun in developing new products and services, and to Kiva in better understanding how to support MFI partners in implementing the recommendations. However, generating this understanding of borrower needs, which is critical to making microfinance work for women, is not always feasible due to capacity and resource constraints. Investors, philanthropic actors, and multilateral actors, such as ESCAP, should support investee companies to conduct regular needs assessments to better understand the various populations they serve. Lean Data studies, such as this one, are a cost-effective method toward generating these insights at scale. Investor support to develop social performance management capabilities within MFIs will also spur better data collection and outcome measurement, which can enable a more client-centric and ongoing approach to the products and services being offered. Without this complementary support, investees will not be able to provide women with beneficial support to cope with and overcome the shocks and challenges women entrepreneurs face.

Client-centric listening, design, and impact measurement are key components of Kiva's gender lens investing strategy. Kiva understands that basic microfinance products will not lead to universal women's economic empowerment. An in-depth understanding of the various client populations being served is the first step in tailoring products and services to meet the needs of all clients. Kiva's gender lens investing (GLI) fund aims to conduct action-oriented assessments, like this study, to assess client and investee needs and develop recommendations to support those needs. Learnings generated from the data collected will be shared back with Kiva portfolio companies and the broader GLI ecosystem. Collecting this data, along with portfolio data collected on an annual and quarterly basis, will enable investees to analyze business and client data through a gender lens.

This data will also be used to inform decision-making on investment strategy and technical assistance offerings at the sector level as well. ESCAP initiated this action research to have a direct impact and benefit to women enterprise borrowers, an outcome achieved through the direct action undertaken by SPBD and Chamroeun in response to the research findings.

This data will further support ESCAP's blended finance support through challenge funds and credit guarantee mechanisms within the region, as well as define the type, scope and impact indicators of ESCAP and its partners' GLI initiatives.

Tailored Wraparound services

These studies show that women entrepreneurs need more than just loan products in order to run a successful business. Both direct customer suggestions and research findings suggest that business training would lead to more successful micro-enterprises by enabling better business management practices and greater business diversification. Given the burden of household responsibilities, services such as childcare would also greatly benefit women clients. Insurance products to support women clients in the event of a household or business-related shock would build financial resiliency.

Although gender lens investors cannot directly offer these services themselves, they can ensure that they are investing in companies that provide wraparound services to enable their clients to be successful in their business endeavors despite the compounding burdens and challenging operating environment. Capital, when coupled with tailored wraparound services, will lead to more effective and sustainable outcomes for women, and should therefore be considered a priority for gender lens investors.

Kiva takes this into consideration when assessing an investment for potential impact and will continue to prioritize investments that offer appropriate wraparound services for the clients they serve. Kiva will further assess its impact scoring methodology to ensure that specific wraparound services that emerged as a clear need through this research study, such as training and services that encourage business diversification, are included in Kiva's assessment for impact.

Product Features that Enable Needed Flexibility

Given the shocks endured by most respondents and the challenging business environment, along with the ongoing COVID-19 pandemic, offering products with features that enable flexibility will be key in driving women's financial resilience. Personal and business shocks often introduce competing needs for capital, making it difficult to pay loans back. Further, business profit cycles vary depending on the sector and may make weekly repayment schedules burdensome for clients. Investors hoping to promote women's financial resilience through capital backing should ensure that products offered have features that enable flexibility, such as grace periods and flexible repayment terms, which could help mitigate some of the financial challenges women entrepreneurs face due to shocks and exogenous factors in their operating environments.

Kiva's impact scoring methodology quantifies the importance of flexibility in loan structures.

Kiva's gender lens investing strategy and associated impact framework should recognize the unique and critical need of product flexibility for women borrowers specifically.

Prioritizing Technical Assistance

Resource and capacity constraints also limit microfinance institutions from offering a comprehensive suite of products and services that are specifically tailored to the nuanced challenges and needs of the various women borrowers they serve. Further, companies are often unwilling to take the financial risk necessary to reach more marginalized clients or invest in their social performance management systems. Gender lens investors can support investees by providing financial and technical resources to build internal capacity to offer these products and services, conduct assessments to understand the demand for different products and services, and pilot the delivery of new products and services to test their impact on women's financial inclusion. This technical assistance will not only strengthen the investee's operations, strategy, or impact, but also lead to better performing companies.

Partnerships to address holistic challenges and risks

This study reinforced the challenge of broader sociocultural issues such as female agency and household dynamics, including the presence of domestic violence in the community, not unrelated to financial pressures and the dynamics of lending primarily to women. While this should not go unaddressed, MFIs can provide an important role connecting women to information or local organizations who work in this space, as well as engage in advocacy initiatives related to these issues as they contribute to national financial policy and regulatory debates. It is important that the broader gender lens investing and financial sector not shy away from further understanding and addressing this issue and its implications for financial inclusion. Valuable outputs would be Social Protection standards and policies specifically relating to female lenders, best practices for loan design and client interaction, and clearer pathways to more robustly support women borrowers who are encountering dangerous situations at home.

Separately, this study illustrated the "ceiling" of enterprise growth or livelihood sustainability as related to education and skill levels. While MFIs may be able to develop helpful broad-based training or financial literacy programs, more specialization through vocational training or higher education is more likely to be effectively delivered through other organizations such as workforce development organizations or formal education programs. This longer term "gap" in opportunity and skillset may be best brokered and facilitated by broader ecosystem support.

In conducting this study, Kiva and ESCAP have generated several individual and joint lessons that will be taken into consideration in the design and execution of subsequent

needs assessments and hope will inform others looking to carry out similar studies.

1. *Financial institution buy-in and involvement*

This study would not have been possible without the support of SPBD and Chamroeun. From developing tailored survey instruments, to training enumerators, and collecting in-person data collection, Kiva and ESCAP were able to reach respondents with limited resources, this is particularly due to Kiva's MFI partner portfolio. This gathering of client insights in a structured and comprehensive way has enabled new learnings and human centric decision making for loan product issuance.

2. *Local context and expertise*

Kiva's partners – SPBD and Chamroeun – enabled ESCAP and Kiva to better understand the nuances of the challenges surfaced by the research due to their in-depth knowledge of country and community contexts. For example, in Cambodia, Chamroeun highlighted the fact that many garment industry employers provide childcare services, meaning many women surveyed had lost those services along with their jobs when COVID-19 hit. This would not have been evident from the survey results alone.

Conducting the study in multiple countries also demonstrated to Kiva how important it is to tailor products and services according to the country context. In Fiji, providing products on credit was a major challenge faced by women entrepreneurs. However, in Samoa and Cambodia, this was not an issue. Business training that covers this topic in Fiji would be much more relevant for women entrepreneurs than in other countries. Conducting future studies in multiple countries will also enable Kiva, ESCAP and other gender lens investors to understand which challenges are universal to women entrepreneurs and which are context-specific.

3. *Qualitative learning*

The survey in Samoa and Fiji included open-ended questions which enabled Kiva and ESCAP to understand in more detail the challenges faced by women. This qualitative data was not collected through the survey instrument used in Cambodia. Collecting qualitative data for all respondents in future studies will allow both Kiva and ESCAP to better support quantitative findings across multiple country contexts.

5. CONCLUSION

The results of this multi-country study demonstrate that women face unique and compounded barriers and shocks, while operating in an already challenging business environment, making financial resilience and sustained economic empowerment difficult to achieve. The global pandemic has only worsened the burdens on women entrepreneurs by adding additional childcare responsibilities, increased competition, and reduced incomes that lead to challenges repaying loans.²² However, the findings in this study present clear pathways for both MFIs and gender lens investing stakeholders, such as Kiva and ESCAP, to develop and improve products, services, and investment strategies to better meet women's needs. These adapted features must be tailored to the specific population at hand, as evidenced by the intersecting difficulties women in the study faced, which were at times dependent on their unique identities, contexts, and motivations. By coupling flexible products with tailored wraparound services and supporting MFIs through technical assistance and broader gender lens investing resources and toolkits, microfinance can achieve real outcomes for all women, even in the context of COVID-19.

Looking Forward: Scaling up Kiva and UNESCAP's partnership

Kiva and ESCAP have strong alignment in taking a research and learning approach toward the advancement of women's economic empowerment and opportunity. This study, and others, reinforce a holistic approach to supporting local organizations and financial service providers toward serving women micro-entrepreneurs in a way that improves outcomes. As outlined in Section 4, Kiva and ESCAP are part of a broader ecosystem, and are well positioned to nudge, facilitate, and fund specific needs such as client listening, wraparound services, loan innovation, capacity-building through technical assistance, and facilitating outside partnerships to mitigate core and the particular challenges that women borrowers face.

We envision expanding this initiative toward developing a "critical mass" of testing and learning, with the intent to develop replicable (or easily context-adjusted) financial sector-facing toolkits, best practices, and indicators, as well as a broader body of knowledge around the challenges faced by women micro-entrepreneurs and potential solutions for them. Specifically, areas of focus could include: needs assessments; impact measurement; building financial service providers' capacity for social performance management; technical assistance toward innovative loan and services design; and engaging outside gender experts or organizations to address broader challenges, such as domestic violence. Shared publications and communications efforts across both Kiva's and ESCAP's platforms would

²² World Bank, 2020.

amplify findings for key stakeholders across the financial inclusion ecosystem. In addition to continuing the work in Samoa, Fiji, and Cambodia, Kiva could expand this testing and learning to other shared focus countries such as Vietnam, as well as explore regional-level activities.

ESCAP's reach and expertise within the Asia region are invaluable to Kiva as it strives to deploy funds and support institutions with maximum impact. Kiva views ESCAP, along with other research partners and lending organizations, as thought partners and co-developers of playbook-style templates to implement across the region. For Kiva, this would serve as an instrumental foundation for both sharpening and scaling its gender lens lending across both its global and Asia-specific portfolio of microfinance institutions and social enterprises, including its gender lens investment fund.

Additionally, ESCAP further plans to build these and other research findings through its current GLI initiatives and ESCAP's new women enterprise finance initiatives throughout the region. The release of a GLI primer and toolkit will be issued in the coming months along with new research and financing initiatives aimed at creating an ecosystem which supports women entrepreneurs through finance, skills, and enabling policies.

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