

Building the Business Case for Women's Inclusive Financing in Last-Mile Renewable Energy Markets in Sub-Saharan Africa

Digital Toolkit



ENERGIA
INTERNATIONAL NETWORK ON
GENDER & SUSTAINABLE ENERGY

Supported by:



DI DISTILL
INCLUSION

Acronyms

ADBL	Agricultural Development Bank Nepal
AMF	AlphaMundi Foundation
CRT/N	Centre for Rural Technology, Nepal
IEA	International Energy Agency
IFC	International Finance Corporation
DFF	Distributor Finance Fund
EBRD	European Bank for Reconstruction and Development
FSP	Financial services provider
GAP	Gender action plan
GLI	Gender-lens investment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICS	Improved cookstoves
KII	Key informant interviews
MFIs	Microfinance institutions
NFS	Non-financial services
OECD	Organization for Economic Cooperation and Development
OGS	Off-grid solar
PAYGO	Pay-as-you-go
PUE	Productive use of energy
RE	Renewable Energy
REC	Renewable Energy Companies
ROI	Return on investment
SHS	Solar home system
WEDP	Women's Entrepreneurship Development Project
USAID	U.S. Agency for International Development
WEE	Women's economic empowerment
WFID	Women's Financial Inclusion Data Partnership
WMSEs	Women-owned/-led micro and small enterprises
WMSMEs	Women-owned/-led micro, small, and medium enterprises
WSMEs	Women-owned/-led small and medium enterprises

1	Toolkit Overview
2	Why Focus on WMSMEs
3	Ecosystem & Context
4	Understanding WMSME Demand
5	Supply Side Opportunities & Challenges
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Definitions

Ecosystem Constraints for WMSME financing

The rules, regulations, and external factors like funding, financial market dynamics, and gender norms that govern or influence the supply and demand for financial services of and to WMSMEs.

Demand Side for Financing WMSMEs

The factors that influence the demand for financial services by WMSMEs. Demand side studies focus on the financial needs and preferences of WMSMEs, gather data on women-owned and -led enterprise behaviors and the drivers of these behaviors, and examine the social and cultural expectations that prescribe what women can and cannot do in the household, community, and economy. In addition, they look at how regulatory or supply-side constraints can explain these behaviors. Examples of demand side constraints include lack of financial or digital literacy, lack of trust, and lack of information.

Renewable Energy (RE) Products

Technologies for enterprise and individual consumers that reduce energy consumption or rely on renewable energy sources. Examples include off-grid solar products, improved cookstoves, liquified petroleum gas and bio-digesters.

Women-Owned Enterprise

Using the IFC definition, an enterprise qualifies as a woman-owned enterprise if it meets the following criteria: (a) $\geq 51\%$ owned by woman/women; or (b) $\geq 20\%$ owned by woman/women; and (i) has \geq one woman as CEO/COO/President/Vice President; AND (ii) has $\geq 30\%$ of the board of directors composed of women, where a board exists.

Micro, Small, and Medium Enterprises

Enterprises can be differentiated according to size based on three criteria: number of employees, total assets, and annual sales. Using the IFC criteria, micro enterprises have fewer than 10 employees, total assets of less than USD\$100,000, and annual sales of less than \$100,000; small enterprises have 10 to 49 employees, total assets up to \$3 million, and annual sales up to \$3 million; and medium-sized enterprises have 50 to 300 employees, \$3 million to \$15 million in total assets, and up to \$15 million in annual sales.

Women's Inclusive Financing

The supply and delivery of financial products and services that address the preferences, needs, and constraints of women customers.

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Definitions

Off-Grid Solar (OGS)

An electricity supply that is not connected to a central grid system. It includes mini-grid systems and stand-alone technologies. OGS stand-alone technologies for households can be classified into three major categories: pico (compact, lightweight solar photovoltaic panels to generate just a few watts of power in a wide range of small and portable applications), solar home systems, and appliances.

Productive Use of Energy

Using electricity to generate income (in formal and informal enterprises, both from home and in enterprise locations), including farm and non-farm income generation. Examples include pumping water for agriculture, agro-processing, lighting, information, and cold chain storage.

Unit Economics

Dependent upon the type of business or industry, is based on the profit generated from acquiring one customer vs. the cost of acquiring the same customer. For renewable energy product distributors or retailers, it includes the cost of acquiring a unit of technology for sales, financing costs related to that acquisition, and wages and customer acquisition costs, such as marketing, transportation, and delivery.

Gender-Inclusive Financing

The supply and delivery of financial products and services that address the preferences, needs, and constraints of women and men customers. Sometimes referred to as gender-smart or gender-responsive.

Last-Mile Distribution Renewable Energy Sector

The last leg of the distribution of goods or services to final consumers in the RE sector.

Supply Side for Financing WMSMEs

Refers to the factors that influence the supply of access to and use of financial products and services by WMSMEs. These may include laws that govern account registration, property ownership, documentation barriers, lack of customer research or suitable products, or institutional bias.

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Introduction to the Toolkit

WHY WAS THE TOOLKIT CREATED?

This tool is a comprehensive resource that brings together evidence, approaches, guidance, case studies, and examples on how those providing finance within the sector can better serve women-owned or led micro, small and medium enterprises (WMSMEs) operating as suppliers, distributors, or end-consumers in the renewable energy sector. It charts a path forward for how to build a stronger business case for women's inclusive finance in the sector.

The tools and guidance herein are tailored for financial services providers (banks, microfinance institutions), renewable energy companies providing financing, as well as the impact investors and donors who support and influence the sector.

HOW WAS IT CREATED?

The toolkit was created using the research findings presented in the ENERGIA and GET.invest supported paper titled, "[Building the Business Case for Women's Inclusive Financing in Last-Mile Renewable Energy Markets in Sub-Saharan Africa](#)," as well as best practices for developing and delivering inclusive financial products and services for women from outside the sector. For a more complete description of the research methodology, please click [here](#).

THIS TOOLKIT IS ORGANIZED INTO EIGHT MAIN SECTIONS:

↔ How to navigate this toolkit

- Start with sections most relevant to specific learning questions, see: [Introduction](#).
- The toolkit is designed for users to access information by topic of interest.
- Users can navigate to topics using the buttons on the slides. Many sections contain multiple tool options.
- To scan the full breadth of topics, tools, and guidance covered in this toolkit, see: [Introduction](#).
- To find inspiration for how to tailor financial products and integrate gender into business processes, navigate using the links and buttons embedded throughout the toolkit.

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Toolkit Overview

What is the Purpose of the Toolkit?

"I want to understand how other financial service providers have determined when and how to refine their financial products, services or processes to increase their WMSME customer base."

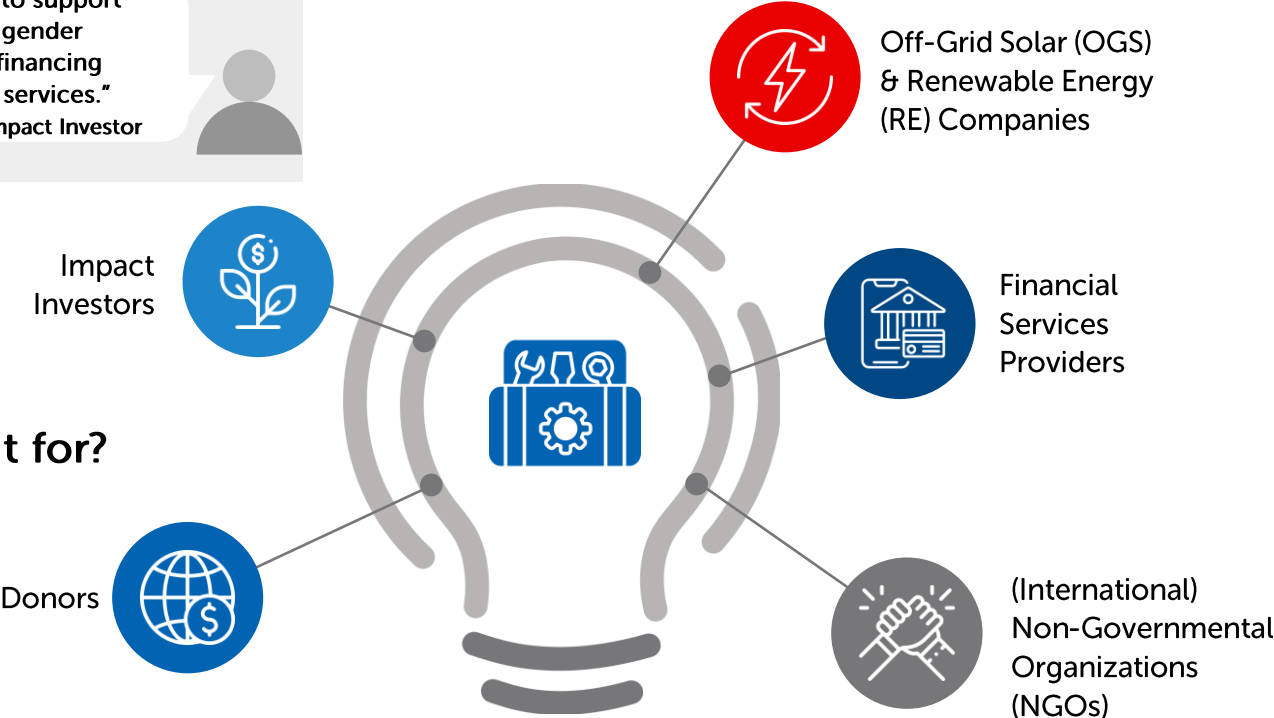
– Renewable Energy Company providing finance

"I want to understand how to support investees to become more gender inclusive in the delivery of financing and other RE products and services."

– Impact Investor

To demonstrate how and why renewable energy companies, financial services providers, international development organizations, impact investors, and donors can provide or support inclusive financial services development in the renewable energy sector to serve women-owned or led micro, small, medium enterprises (WMSMEs)

Who is the Toolkit for?



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How to Use the Toolkit?

HOW IS THE TOOLKIT ORGANIZED?

Each toolkit section on the right includes:

1. [Research findings](#) sourced from a literature review and key informant consultations,
2. [Recommendations](#) on how providers or interested stakeholders can support the refinement of offered financial products, services, and delivery to become more inclusive and responsive to the needs, preferences, and constraints of WMSMEs,
3. [Relevant case studies](#) from inside and outside the renewable energy sector.



This toolkit is interactive

Use the navigation menu on the righthand side of the page to read about each topic — what we know, opportunities, and tools or examples

Learning Goal

"I want to better understand the financing ecosystem & why providers face challenges or lack incentives to modify products & services to serve WMSMEs."

"As a provider of financing in the RE sector, I want to learn more about WMSME financing needs, constraints and preferences and access tools to perform this type of discovery."

"As a provider of financing in the RE sector, I want to understand why becoming more inclusive to women is important to my bottom line."

"I want to understand which tools and strategies could help me decide how and when to refine products or services to meet the needs of WMSMEs."

"As an impact investor, donor, or support organization, how can I better incentivize financial service providers ecosystem to become more gender responsive?"

How to Use the Toolkit

- Start by reading '[Section 3: Ecosystem & Context](#).'
- Refer to [diagram](#) for dynamics at play in the ecosystem.
- Start with '[Section 4: Understanding WMSME Demand](#).'
- Consider utilizing one of the [customer insights tools](#) to better understand WMSME demand.
- Read the [WMSME persona case studies](#) for examples on how women's enterprises may differ.
- Go to [gender integrated business strategies](#) to read about how the business impacts of gender strategies for SMEs.
- Read [lessons learned from the financial inclusion sector](#) on serving WMSMEs.
- Start by reading '[Section 5: Supply Side Opportunities & Challenges](#).'
- Read different examples about how other FSPs became more inclusive: [here](#), [here](#) and [here](#).
- Read about [gender smart technical assistance](#).
- Learn about the [data gaps in the business case](#).
- Review [guidance for impact investors](#).

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Overview of Research Study: Building the Business Case for Women's Inclusive Financing

RESEARCH STUDY FINDINGS:

The research report "Building the Business Case for Women's Inclusive Financing in Last-Mile Renewable Energy Markets in Sub-Saharan Africa" [available here](#), was based on findings from a literature review and key informant interviews with stakeholders including women-owned/-led businesses, financiers, donors, international development organizations, and business associations. It examines the state of WMSME finance in the sector, as well as the business case for FSPs and RECs serving this important market.

Main data gaps identified in the report:

- [Lack of sex disaggregated data or enterprise disaggregated data](#) to identify potential financing gap for WMSMEs involved in the renewable energy sector as distributors, retailers, or end consumers.
- [Lack of scalable or replicable examples where formal financial institutions or supply chain actors have refined product or service offerings](#) to be more responsive to WMSME needs and challenges.
- [Lack of information about specific WMSME financing needs](#) in the sector, beyond generic capital needs of businesses based on stage of growth.

The research report examines the demand and supply of financial products and services provided by a select group of financiers to the RE sector, including banks, microfinance institutions, renewable energy companies, and impact funds. It does not include crowdfunding platforms, grants or challenge funds since they are not commercially sustainable or scalable sources of funding.

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Overview of Research Study: Building the Business Case for Women's Inclusive Financing

RESEARCH STUDY FINDINGS:

- Ecosystem, demand side, and supply side challenges make it difficult for financing providers to fully integrate gender in their business models.
- Macroeconomic factors may be limiting investment in financing models adapted to serve WMSMEs in the sector.
- Still many unvalidated assumptions about women customers, with many FSPs, RECs providing financing, or impact funds treating women as a singular customer segment.
- Citing funding, capacity, or other business challenges, providers have not been able to or lack incentives to invest in customer research or disaggregate data beyond male and female customers.
- Some impact Investors, FSPs and RECs providing financing still perceive gender as related only to social impact, instead of business performance. Consequently, gender related activities, analysis, or inclusion can be deprioritized especially by those facing business challenges.
- Recent literature on the myriad barriers for women's access to finance may be overwhelming providers and incorrectly leading to the assumption that any changes needed will be costly and unrecoverable.

For more detailed findings related to each specific section in the toolkit, please select from one of the Sections 1-7 on the right menu.



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Impact funds and donors who are investing in FSPs and RECs, providing financing to the sector, also have the power to influence the behavior of these actors and the ability to incentivize them to serve WMSMEs through access to capital, supporting capacity building, highlighting the business opportunity, and sharing good practice.

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Tools, Guidance and Resources

This toolkit contains tools, guidance, case studies, and resources for providing or supporting gender responsive financial services in the renewable energy sector for women-owned or led WMSMEs. Use the links below to navigate to the relevant sections of the document and external sources.



Guidance

- ▶ [CGAP and MarketShare Associates Gender Norms in Financial Inclusion: Diagnostic Guidance](#)
- ▶ [Value for Women Five Common Stumbling Blocks in Becoming More Gender Inclusive](#)
- ▶ [60 decibels Why Off Grid Energy Matters Insights Report](#)
- ▶ [Value for Women Driving Business Growth Report](#)
- ▶ [Applying a Gender Lens to PAYGo Solar](#)
- ▶ [5 Whys Gender Diagnostic Example](#)
- ▶ [G-SEARCH's social, financial, and outcome metrics](#)



Case Studies

- ▶ [Dharma Life](#)
- ▶ [Ashv Finance](#)
- ▶ [AFI Women-led MSME Access to Financing](#)
- ▶ [Secretaría de Hacienda y Crédito Público \(SHCP\) Mexico](#)
- ▶ [Women Entrepreneurship Development Program Ethiopia](#)
- ▶ [AlphaMundi Foundation Twiga Foods, Kenya](#)
- ▶ [UNCDF Customer Journey Mapping](#)
- ▶ [Bidhaa Sasa](#)
- ▶ [AlphaMundi Foundation's G-SEARCH](#)
- ▶ [IFC Banking on Women KCB Bank](#)
- ▶ [KIT Access Bank](#)
- ▶ [Mastercard Strive Program Webinar](#)
- ▶ [Botswana Citizen Entrepreneurial Development Agency](#)
- ▶ [Family Bank Kenya](#)
- ▶ [Frontier Markets India](#)
- ▶ [AlphaMundi Foundation G-SEARCH Technical Assistance](#)



Tools

- ▶ [GRID IMPACT Barriers and Exemplar Analysis](#)
- ▶ [GRID IMPACT Barrier Diagnostic Tool](#)
- ▶ [Value for Women Gender Smart Nexus Assessment Tool or Businesses & Investors](#)
- ▶ [ICRW Gender Scoring Tool](#)
- ▶ [CGAP Customer Centric Guide](#)
- ▶ [FinEquity Gender Intelligent Design in Financial Services](#)
- ▶ [Gender-Smart Enterprise Assistance Research Coalition \(G-SEARCH\) Toolkit](#)
- ▶ [GIZ Women's Financial Inclusion Toolkit](#)
- ▶ [Financial Alliance For Women's Business Case Tool](#)
- ▶ [Arab Women's Enterprise Fund Business Case Framework](#)



Resources

- ▶ [ITC Technical Note on Women Owned Businesses](#)
- ▶ [Energia Supporting Last Mile Women Entrepreneurs](#)
- ▶ [Calvert Impact Capital Just Good Investing Report](#)
- ▶ [Shell Foundation Gender Report](#)
- ▶ [Gender Approach to Productive Use of Energy](#)
- ▶ [IDS Gender and Entrepreneurship in RE Sector of Rwanda](#)
- ▶ [AfDB Working Paper -Women Self-Selection out of Credit](#)
- ▶ [G-SEARCH Business & Social Outcomes Report](#)
- ▶ [Gender Constraints in PAYGO Financing Models](#)
- ▶ [Investment Climate Reform Facility Trends in Gender Finance](#)

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Why Focus on WMSMEs?



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Why Focus on WMSMEs?

"If we are to find the solutions for a sustainable energy future, then there must be a diversity of voices, and that includes women."

- Marie-José Nadeau, the former chair of the World Energy Council



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WOMEN BY THE NUMBERS:



Women make up **50%** of the population



1 in 3 growth-oriented enterprises in the world



26% of women in Sub-Saharan Africa are involved in entrepreneurship activity*

The **financing gap** for women's enterprises in Sub-Saharan Africa is....

\$42 billion for WSMes

\$8 billion for women micro enterprises**



70% of WMSMEs do not have access to finance or lack the amount of financing needed to grow**

23%  of total MSMEs globally are women-owned businesses**

* [According to GEM 2016/2017 Women's Entrepreneurship Report](#)

** [As of 2017, according to the IFC's MSME gap analysis](#)

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Why Focus on WMSMEs?

Whether businesses fully embrace gender inclusivity will require impact investors, donors, international development organizations, business associations and support organizations to help FSPs and RECs view gender as key to better business performance, customer growth, longevity and sustainability, not only as related to social impact.

WHY SHOULD FINANCIERS CARE ABOUT LOW FEMALE PARTICIPATION IN THEIR FINANCING PORTFOLIOS?

- 1** Women bring a unique value proposition in sales and distribution, thus ensuring access to finance for these WMSMEs allows them to be at the table.
 - Women can leverage existing social networks and form trusting relationships with potential customers, especially other women.
 - Women are better positioned to gain entry into homes and access female consumers than male sales agents.
 - As primary users of energy technologies and fuels, they are well positioned to discuss the benefits and features of products they promote.
 - They play a key role in spending decisions in many homes, making or influencing 80% of buying decisions and controlling USD 20 trillion in global spending.
- 2** Since they are key supply chain participants, focusing on women can help companies increase productivity and/or efficiency.
- 3** Gender inclusion has been shown to improve internal operations and other business outcomes.



CASE STUDY

DharmaLife India

Dharma Life works with a network of rural entrepreneurs, called Dharma Life Entrepreneurs (DLE) in India to sell solar lamps, clean cookstoves, water purification systems, and other assets.

Challenge: Female DLEs trailed their male counterparts because they lacked the capital to purchase demonstration products and cover business related expenses like transport or cell phone bills.

Solution: Provide DLEs with Demonstration Kits using a co-investment model which only required a 30% upfront payment.

Results: Providing start-up kits to Dharma Life entrepreneurs boosted their performance by 55% compared to an entrepreneur who did not have access to these kits. Also reduced attrition rate of DLEs from 10% to 5% which reduced costs of on-boarding new DLEs.

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"[G]ender inclusion can be adopted to address business challenges and reveal new opportunities for growth, innovation, and efficiencies while delivering positive impact for women."

– Value for Women and Shell Foundation Driving Growth and Improved Business Report, Oct 2022

Gender Inclusive Business Strategies Produce Significant Business Performance Impact

[Value for Women \(VfW\)](#) surveyed five impact investors and 61 SMEs operating primarily in the energy access sector across Africa, Asia, and Latin America looking across nine business functions to understand the links between gender-inclusive strategies and business performance

- One business saw a **38% decrease in processing time and a doubling of daily incomes for women farmers** after implementing gender-inclusive strategies around productivity.
- **68%** of SMEs implementing GI strategies in R&D, Marketing, Sales, Customer Service, and Distribution & Logistics **reported improvements in customer satisfaction; 60% reported improvements in brand recognition.**
- **43%** of SMEs implementing gender-inclusive strategies in R&D, Sales, Marketing, or Customer Service reported **increased sales revenue; 42% reported increased client retention.**
- **74%** of SMEs tracking impacts of gender-inclusive (GI) policies reported **positive impacts on employee satisfaction, productivity, and retention.**



[Click here](#) to learn more about the Value for Women survey

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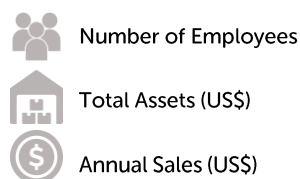
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Who are WMSMEs?

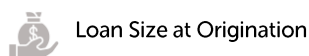
ACCORDING TO THE INTERNATIONAL FINANCE CORPORATION (IFC):

An enterprise qualifies as a micro, small or medium enterprise **if it meets two out of three criteria of the IFC MSME Definition** (employees, assets, and sales), **OR if the loan to it falls within the relevant MSME loan size proxy.**

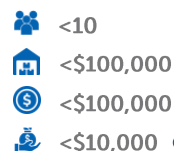
KEY: IFC MSME DEFINITION



MSME LOAN SIZE PROXY



Micro Enterprise



Small Enterprise



Medium Enterprise



Though there is no standardized definition, IFC qualifies an enterprise as a woman-owned enterprise if it meets the following criteria:

●
≥ 50% woman
or women-owned

OR

●
≥ 20% woman
or women-owned

+

▲
≥ 1 woman as
CEO, COO,
President, or
Vice-President

+

■
≥ 30 of the Board of
Directors composed
of women (where a
board exists)

Source: [IFC Definitions of Targeted Sectors](#)



[Click here](#) to learn more about the challenges around classifying enterprises as women-owned and women-led enterprise

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Where do the WMSMEs in the Sector Operate?



"Analysis of subsector concentration of WMSMEs suggests that women's enterprises are more predominant in less energy-intensive sectors like agriculture, personal services, food preparation, and retail trade which has implications for Productive Use of Energy Asset Financing programs."

– [A Gender Approach to the Promotion of Productive Uses of Energy](#)

Given a lack of sectoral data about WMSMEs, there are still many unanswered questions for those providing direct and indirect financing in the renewable energy sector, including:

- ? Which sub sectors in the renewable energy sector or value chain roles are the majority of WMSMEs commonly found? How may that impact their margins or profitability and the affordability of financing?
- ? Why are there fewer WMSMEs in the RE Sector? Is this due to women's preferences? Time constraints? Barriers to entry? Inability to access start up capital?

[Section 4](#) of the toolkit highlights key research findings and tools for providers to unpack WMSME demand and to understand how unit economics or supply chain role can drive preferences or financing needs.

WMSMEs in the RE sector can be segmented into different sub-groups based on growth stage, years of entrepreneurship experience, sub sector (solar, cooking, mini grids, retail sales, distribution etc.).



[Click here](#) for additional resources on gendered approaches to the promotion of the productive use of energy



[Click here](#) to learn more about sample personas created for different WMSMEs interviewed during the research study.

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Ecosystem & Context



This guide is interactive.

Use the navigation menu on the righthand side of the page to read about each topic — what we know, opportunities, and tools or examples

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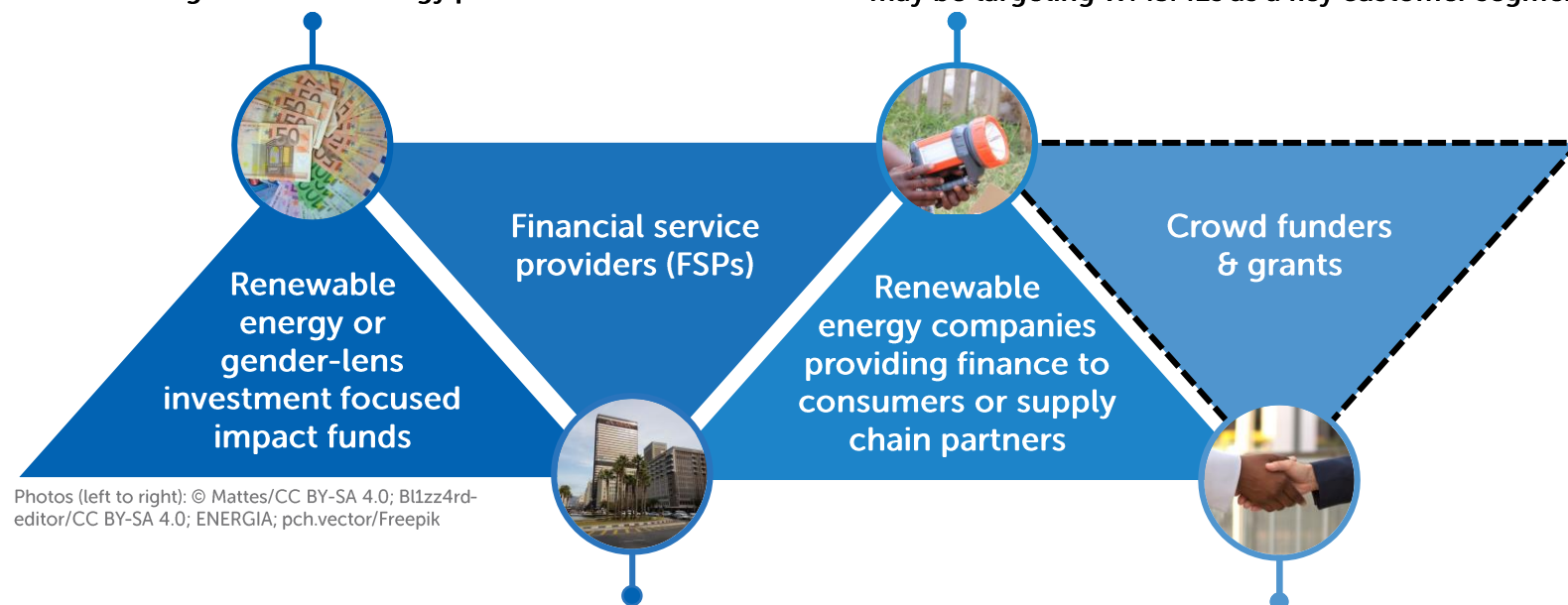
Financing Ecosystem for WMSMEs

Though there are many potential sources of financing for WMSMEs in the renewable energy sector, this toolkit targets the supply of financial products and services from select entities, including RE or GLI focused impact funds, financial service providers, renewable energy companies that provide their own consumer or supply chain financing. It excludes crowdfunding platforms, grants, and challenge funds.

TYPES OF ENTITIES PROVIDING FINANCE IN THE SECTOR INCLUDE:

Includes impact funds and business accelerators providing finance to women-owned or led WMSMEs who are selling or distributing renewable energy products.

Includes companies that have developed their own consumer financing or supply chain financing that may be targeting WMSMEs as a key customer segment.



Photos (left to right): © Mattes/CC BY-SA 4.0; Bl1zz4rd-editor/CC BY-SA 4.0; ENERGIA; pch.vector/FreePik

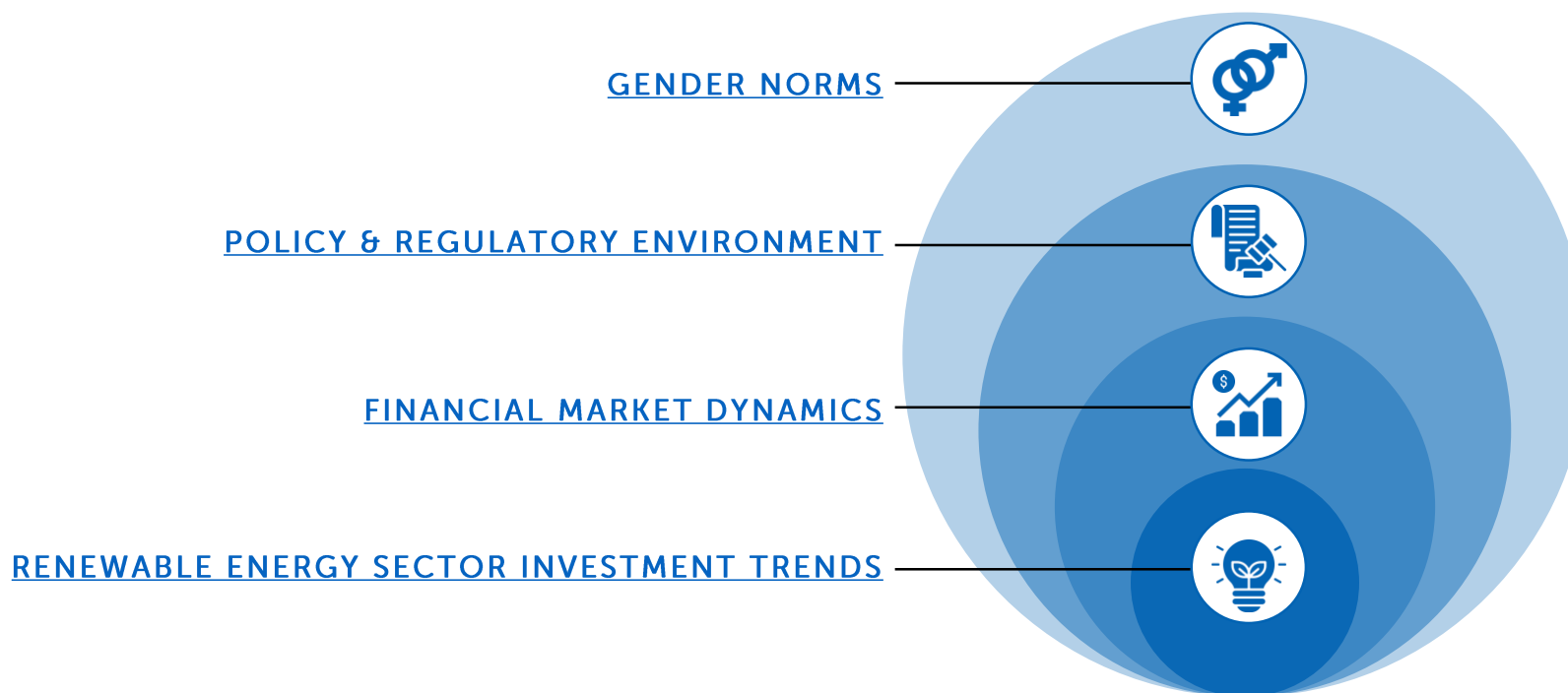
FSPs includes banks, microfinance institutions, cooperatives, or fintech companies that are providing business loans to WMSMEs.

While crowd funders and grants targeting women entrepreneurs also provide much needed capital for WMSMEs in the sector, these mechanisms have limited scalability and long-term sustainability.

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The Ecosystem in which Renewable Energy Financiers and Financial Service Providers Operate is Often the Most Influential Element in Enabling Gender Inclusive Financing

The ecosystem often impacts whether or not financiers will adapt product and service offerings to serve the women's market and the reasons why they may need to make refinements.



Gender norms can restrict WMSMEs' growth trajectories and their access to traditional financing products.

Capital constrained financiers who lack affordable financing or operate in less competitive or restrictive policy and regulatory environments, will have fewer incentives and resources to refine products, services, or processes to be gender inclusive.

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Gender Norms are Collectively Held Expectations and Perceived Rules for How Individuals Should Behave Based on their Gender

Gender norms shape the behaviour of all actors in the financial system — from women and their household to FSPs, investors, policymakers, and other support service providers.



They create constraints for women entrepreneurs in accessing financing and growing their enterprises: Constraints can include formal rules and policies, such as the need for immovable collateral (which women are less likely to have), or the need for multiple forms of identification to access products and services.



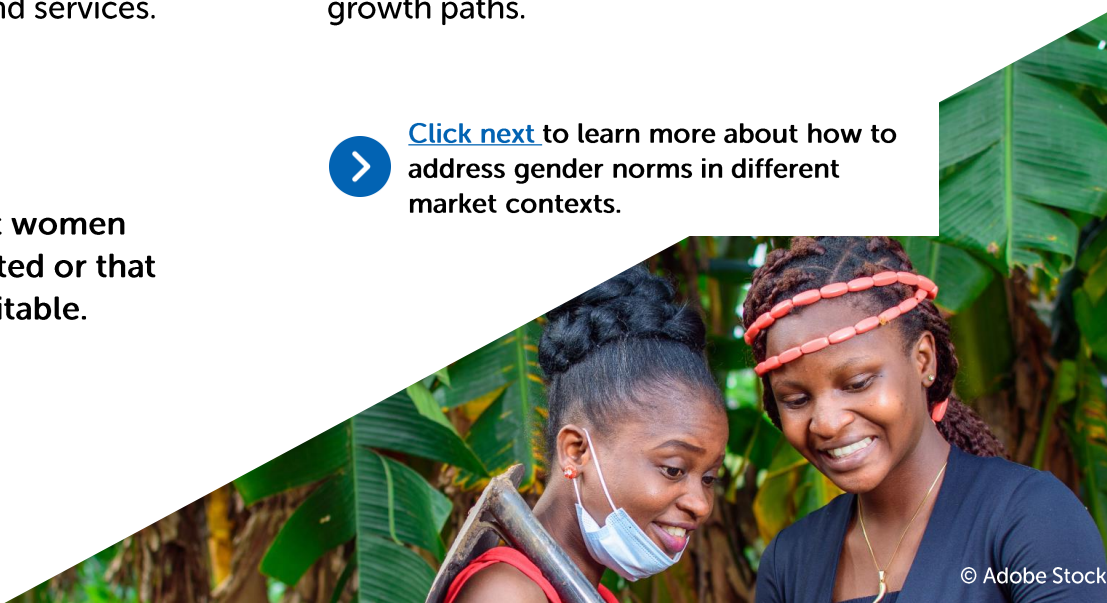
They can create the perception that women entrepreneurs are not growth oriented or that women-led businesses are not profitable.



They limit mobility, create time poverty, and restrict financial decision making and control: Norms like prioritizing household and care responsibilities often mean that women entrepreneurs may choose to keep their businesses small and adopt less aggressive growth paths.



[Click next](#) to learn more about how to address gender norms in different market contexts.



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Prioritizing the Most Important Norm-Based Barriers for Specific Markets and WMSME Segments

Not only will gender norms vary from country to country and market to market, but they also differ based on specific female customer segments. For example, the digital divide for a low-income female PAYGO solar consumer in rural Uganda is likely to be higher than for a university educated peri-urban female business owner.



[Click here](#) to learn more about various gender diagnostic tools and insights

TOOL



[GRID IMPACT Barriers and Exemplar Analysis](#)

- Review of 35 gender-based barriers that impact women's access to financing
- Mapping of barriers to customer segments for financial service providers in nine focus countries (Ethiopia, Kenya, Nigeria, Tanzania, Uganda, Bangladesh, India, Indonesia, Pakistan), highlighting most relevant barriers for each market
- Database of evidence-based interventions and programs that have successfully addressed barriers women face in accessing and using financial services



[GRID IMPACT Barrier Diagnostic Tool](#)

Checklist of questions and sources to determine how providers can address gender norm barriers and the sequence in which they should be addressed

GUIDANCE



[5 Whys Gender Diagnostic Example](#)

Example from CGAP Technical Guide Addressing Gender Norms for Financial Inclusion - Designing for Impact



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Gender Diagnostic Tools and Insights

TOOL



[Value for Women Gender Smart Nexus Assessment for Businesses & Investors or Business Support Organizations](#)

- Designed to support businesses, investors, and entrepreneurial intermediaries to improve business outcomes and social impacts by advancing gender inclusion in practice
- Assesses how well gender is integrated across different business areas, ranging from product design and marketing, customer service and human resources
- Provides tailored recommendations based on business priorities with benchmarking against peers
- For investors and business support organizations, looks at how institutions are engaging on gender with portfolio companies, recommendations for how to promote gender inclusion within workforce, value chain, products, and service offerings of investees

GUIDANCE



[CGAP and MarketShare Associates Gender Norms in Financial Inclusion: Diagnostic Guidance](#)

Methodology for systematically unpacking the behavior of women as customers and users of financial services and assessing how they are shaped by gender norms.

TOOL



[ICRW Gender Scoring Hub for OGS](#)

Scoring tool that provides gender opportunities section to help Off-Grid Solar companies think about internal operations, as well as value chain opportunities related to design, research & development, production & manufacturing, marketing & sales, distribution & installation, and after-sales service



[Click here to read more](#) about Ashv Finance, a Developing World Markets (DMV) investee that has focused on designing products for women and other opportunities or significant improvement by addressing biases in the product design and delivery process

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Policy and Regulatory Environment

Regulation of financial services varies greatly among countries. Regulations that are too restrictive, too lax, or inappropriate can hinder access to finance for marginalized and excluded populations.

While helpful in maintaining financial sector stability, regulatory requirements around the allowable percentage of uncollateralized loans in a portfolio often translate into prohibitive collateral requirements by FSPs, leaving WMSMEs unable to access loans.

Complicated and gender-blind business registration processes can be more challenging for women entrepreneurs.

Well-designed regulations can also incentivize FSPs to target certain populations.



[Click here](#) for examples of how the World Bank's Women Entrepreneurship Development Project in Ethiopia addressed policy and regulatory constraints facing WMSMEs.

CASE STUDY



Regulatory changes that support expansion of financing for all women

- Several countries like [Ethiopia and Zimbabwe](#) have passed regulations to support the creation of movable collateral registries, allowing financial service providers to accept different collateral that women are more likely to have, aside from only land.
- In [Egypt](#), the Central Bank adopted regulations requiring banks to establish specialized units for WMSME finance and increase targets for WMSME financing from 20 to 25% of total lending portfolios.
- Simplified, tiered, and digitized business registrations can lower the barriers to formalization for women-led businesses.
- Funders can use blended finance instruments, such as credit lines, guarantee funds, or results-based financing facilities, to address specific normative constraints, and to incentivize innovation from providers targeting underserved populations.
- In [Mexico](#), regulators modified how credit portfolio ratings were calculated and provided guidance for banks to estimate reserve provisions; this helped institutions understand that women's loans carry less risk and allowed them to offer financing at lower interest rates.



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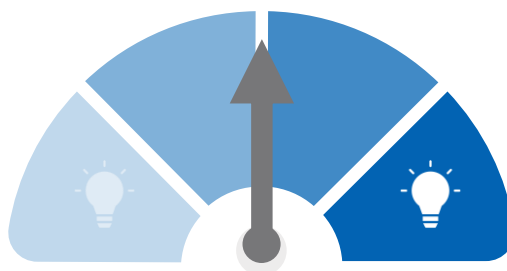
Financial Market Dynamics

Financial market dynamics often drive financiers' behavior – they can provide incentives or disincentives for serving new or unfamiliar customer segments, like WMSMEs, or to take on additional perceived risk. Understanding these dynamics can help impact funds, donors, and INGO programs understand how to select project partners, and set realistic expectations for when incentivizing FSPs and RECs to refine products for gender inclusivity will be successful.

FINANCIAL MARKET CONDITIONS

Less Innovation

Excessive demand for financial services
Interest rate caps
Low level of competition among all levels of financial services



More Innovation

High demand for financial services
High level of competition among all levels of financial services (MFIs, Banks, Fintechs, Cooperatives)

Financiers:

- Are highly selective, only choosing clients they "feel" are most profitable
- Less motivated to modify products and services
- Have little incentive to innovate or target new customer segments
- Perceive any derivation from standard financial products as risky or a potential threat to portfolio quality.
- Perceive that interest rate caps decrease profitability, making them inclined to only serve perceived "good credit" customers

Financiers:

- Increase outreach to MSMEs and women as underserved markets to improve their competitive advantage
- Have greater buy-in to innovate and/or partner to reach new markets, even if it requires investment
- Are more data driven, examining portfolio and customer data for opportunities, and efficiencies in operations and marketing
- Are more inclined to offer additional non-financial services to improve their market position vis-à-vis other players



[Click next for recommendations](#) for how INGOS, Impact Investors & Donors can support providers in challenging financial market dynamics



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Recommendations for Challenging Financial Market Dynamics

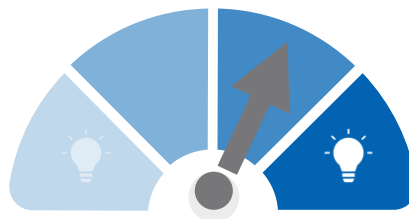
FINANCIAL MARKET CONDITIONS

Less Innovation

Excessive demand for financial services

Interest rate caps

Low level of competition among all levels of financial services



More Innovation

High demand for financial services

High level of competition among all levels of financial services (MFIs, Banks, Fintechs, Cooperatives)

	In a Less Competitive Financial Market	In a More Competitive Market
INGOS	<ul style="list-style-type: none"> Evaluate FSP partners mindful that in this market FSPs will not be motivated to change; Select an emerging FSP partner interested in pilot testing and with a significant focus on the WMSME market, if available Consider using alternative forms of financing – like supply chain financing, reverse factoring or impact funds instead of trying to partner with traditional formal FSPs 	<ul style="list-style-type: none"> Select the financial services partner or renewable energy firm with the best track record of refining products and services to meet the needs of WMSMEs If offering a credit guarantee or portfolio loan, structure risk share to decline as results/goals are met Fund or encourage alternative credit assessment mechanisms
Impact Investors	<ul style="list-style-type: none"> Prioritize funding partners with more gender inclusive, customer centric or data driven business models Provide funding support to investees to integrate gender into business performance or better data analytics Use metrics to evaluate business performance for different women customer segments 	
Donors/ DFIs	<ul style="list-style-type: none"> Provide funding support to investees to integrate gender into business performance or better data analytics 	<ul style="list-style-type: none"> Prioritize funding partners with more gender inclusive, customer centric or data driven business models Utilize credit guarantees or portfolio loan understanding what goals the FSPs or RECs will deem them a success to put their own capital at risk Use metrics to evaluate business performance for different women customer segments



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Renewable Energy Sector Investment Trends

Similar to financial market conditions, the type and size of capital flows to the Renewable Energy Sector can increase or reduce the appetite of financiers to innovate or deviate from standard offerings or one-size-fits-all approaches., which may be needed to expand financial access for WMSMEs.

Funding constraints are an impediment to companies investing in customer research or testing innovative models

Sector investment trends:

- FSPs interested in serving women entrepreneurs face constraints in accessing investment capital for new product ideas, training staff in evolving client-centric business practices, or for growth.
- Increased Gender-Lens Investment Funding (GLI) and adoption of 2x Challenge Criteria by impact funds.
- Increased interest by RE firms in obtaining GLI funding.
- Vertically integrated renewable energy companies have difficulty finding appropriate funding to scale.
- Long cash-to-conversion cycle may take up to three years from product design to final loan repayment.
- Foreign currency mismatches and import issues impact profitability of companies.
- Expectation of competitive market returns, from even socially minded impact funds.
- Debt financing for OGS sector companies more complicated due to the unusual type of assets companies have to pledge as collateral.
- Investment in PUE focused companies has been low since investors still deem such companies as high risk.



[Click here to learn more](#) about what Donors/DFIs, impact investors and INGOs can do to support the sector



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Data Gaps Limiting the Business Case for Women's Inclusive Financing in the Renewable Energy Sector

RESEARCH STUDY FINDINGS:

- Missing sex disaggregated portfolio data makes it difficult to quantify the current gender financing gap in the sector.
- Many RE companies providing financing, especially PAYGO, do not currently sex disaggregate portfolio data for their customers.
- Many financial service providers providing enterprise lending who are sex disaggregating portfolio data, do not analyze performance by sector.
- Lack of customer segmentation beyond sex disaggregated data makes it difficult to evaluate which financing programs, products, or models may be more successful in serving WMSMEs.
- For financiers and RE companies that sex disaggregate customer data according to 2X Criteria, failure to segment data by individual or enterprise clients may prevent them from seeing the market opportunity of certain WMSMEs.



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[Click here](#) to learn more about what impact investors, donors, and business associations should do to reduce data gaps



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Broader Adoption of 2X Challenge Criteria Still has not Translated into Women's Inclusive Financing Models

The 2X Challenge has made important strides in incentivizing RE companies and financiers to track how they are serving women-owned or founded companies, women's participation in senior leadership and the workforce, and how products and services benefit women and financial service providers lending for women customers.

However, it is not designed to measure how gender contributes to business performance or to identify strategies to meet gender targets.

There may also be a data gap in collecting sex disaggregated financing data from renewable energy sector companies since many of them are not reporting on 5A data, even if they are providing financing.

2X CHALLENGE CRITERIA:

		Threshold
Direct Criteria	1 Entrepreneurship	1A. Share of women ownership 51%
		1B. Business founded by a woman Y/N
	OR	
	2 Leadership	2A. Share of women in senior management 30%
		2B. Share of women on the Board or IC 30%
	OR	
3 Employment	3A. Share of women in the workforce	30% - 50%*
		3B. One "quality" indicator beyond compliance Y/N
	OR	
4 Consumption	4. Product or service specifically or disproportionately benefits women	Y/N
AND		
Indirect	5 Investments through Financial Intermediaries (FIs)	5A. <i>On-Lending facilities</i> : Percent of the Investor / FI loan proceeds or percent of FI's portfolio supporting businesses that meet direct criteria 30%
		5B. <i>Funds</i> : Percent of portfolio companies that meet the direct criteria 30%

*Sector-specific thresholds

Source: [2X Challenge Criteria](#)

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Challenges in the Business Case for Women's Inclusive Financing in the Renewable Energy Sector



“Today, only 18% of [surveyed] organizations are performing sex-disaggregated analysis of the portfolio’s business performance and 22% are sex-disaggregating the social impact data in their portfolio. Less than 10% of the organizations are talking to women when they design their business development services....so get clear first— get your data in hand, analyze the data on women and men separately, and then talk to women and men to understand what’s behind the trends you are seeing.

– Value for Women (VfW), October 2022

A recent 2022 VfW survey of entrepreneurial intermediaries and investors interested in promoting gender equality found that:

- 97% of those “applying a gender lens” focus on women as leaders, entrepreneurs, and employees
- Only 70%, are including a focus on women as customers, suppliers, and distributors

Commonly cited challenges by impact funds include:

- Difficulty communicating why a focus on gender is useful to their investees
- Defining how investees want to focus on gender
- Developing gender strategies tailored for investees
- Identifying how to embed gender across organizations instead of developing gender focused programs



[Click here](#) to learn more about how entrepreneurial intermediaries and investors can overcome the five stumbling blocks of investees gender journeys



The next section of the toolkit presents different tools for how providers can better understand WMSME demand, as well as different WMSME profile examples

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Understanding WMSME Demand



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RESEARCH STUDY FINDINGS:

- Many larger WSMEs expressed interest in **debt financing** for inventory, business growth, and workforce expansion. However, more mature WSMEs still reported difficulties in finding financing options with smaller ticket sizes to meet their needs.
- Larger WSMEs cited challenges learning about financing options due to smaller networks.
- Smaller size and micro entrepreneurs had **low demand for formal finance**, with a preference to bootstrap, gathering capital from informal sources (even moneylenders). Reasons cited were **high interest rates, high down payments, insufficient collateral and/or other restrictive requirements**.
- Some key informants suggested that **lack of specialized financial products for renewable energy** may be driving low demand for products.
- Many key informants interviewed cited the need for **non-financial services (NFS) / business training to accompany financing for WMSMEs**, but there was little understanding of NFS needs by different WMSME segment.
- WMSMEs are risk aware, not risk averse. For example, the USAID Feed the Future Small Irrigation Innovation program found that women farmers' preference for lower value crops instead of more traditional cash crops with one or two harvests) was often misperceived by financial service providers or agricultural actors as not being commercially minded. When instead these women farmers just wanted more consistent income since lower value crops had more frequent harvests.



[Click here](#) to view the sample personas created from the research team's interviews with different types of WMSMEs

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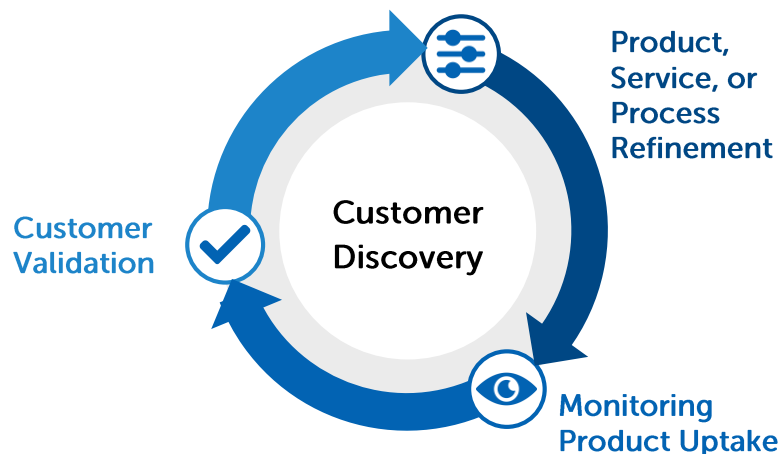
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Customer Discovery to Understand WMSME Demand and Preferences

What is customer discovery?

Customer Discovery is the initial and iterative process of understanding customers' situations, needs and pain points and is used for companies to develop new products, target new customers, or enter new markets.

CUSTOMER DISCOVERY PROCESS:



Why is it important?

- Can be used by all entities (Impact Funds, FSPs, RE Companies, International Development Interventions)
- Can ensure that financial services providers or RE companies correctly understand WMSME needs and validate whether new product development or product/service/process refinement will address the needs of a sizable sub groups of WMSMEs to make it sustainable and scalable
- Can help identify gender specific barriers faced by sub groups of WMSMEs and prevent misperceptions about women's preferences that may lead to their exclusion
- Can identify other barriers that may be preventing uptake due to income etc.



[Click here](#) for more tips and tools on the Customer Discovery Process

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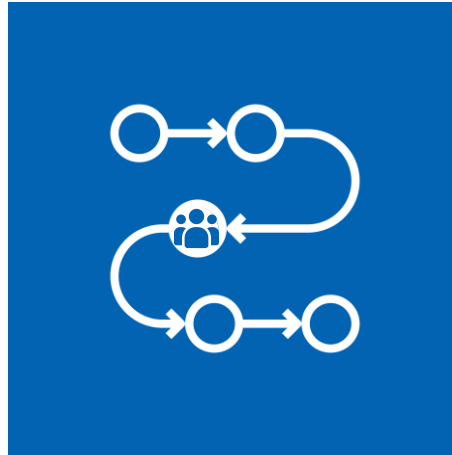
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Current State of Customer Discovery Within the Renewable Energy Sector

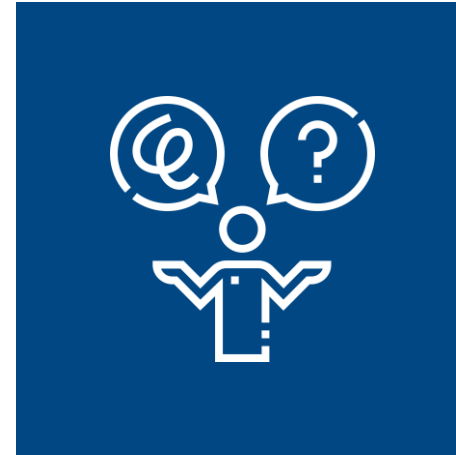
RESEARCH STUDY FINDINGS:



Many Renewable Energy (RE) companies or FSPs perceive that the customer discovery process requires substantial resources



Embedding customer discovery into the normal business operations of RE companies can be an efficient, cost-effective way to perform this important step



Many RE companies or FSPs have not performed customer research with existing or target customers to understand their needs, constraints, or preferences

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Tools for Generating Customer Insights to Understand WMSME Demand and Preferences

Understanding WMSME demand and preferences is a necessary step for RE companies providing financing and FSPs to determine:



How an institutions' current financial products and services are working for WMSME or women customers



How products and services can be refined to increase uptake by potential WMSME customers

Insights can be generated using existing data to highlight gaps between male and female customers, or by generating new data gain greater detail about specific challenges, product or marketing preferences, or financing needs. Among the tools that providers can use to aid customer discovery are:

Customer Journey Mapping

[Click to learn more](#)

Diagram showing steps a customer takes to become aware of, procure, and use a product or service; identifies pain points or challenges a client faces along the way and identifies when a prospective client might drop out of the journey; used by companies to identify and implement solutions that are particularly aimed at ensuring a smooth client journey

Sex Disaggregating Portfolio & Customer Data

[Click to learn more](#)

Segmenting Portfolio & Customer Data by Different WMSME Segments

[Click to learn more](#)

Primary Data Collection

[Click to learn more](#)

Using surveys, embedded feedback channels, focus group discussions, one on one interviews with clients to better understand needs, preferences, constraints, behaviours, unit economics of products

Developing Personas or Target / Existing Customer Profiles

[Click to learn more](#)



[Click here](#) for the complete case study on Bidhaa Sasa's use of different embedded customer discovery tools

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What may be Driving Low Demand for Financing by WMSMEs?

Poor unit economics or margins for goods sold

Self-exclusion

High risk awareness of potential downsides of commercial financing

Different business growth motivations / trajectories

Mistrust of financial institutions

Inappropriate financing options for assets purchased or intended use and profitability

RESOURCE



Evidence from the AfDB on Self-Exclusion of WMSMEs

New [evidence from the AfDB](#) suggests that some WMSMEs may be self-excluding from the credit market. Using data from 47 African countries gathered in the World Bank Enterprise Survey, the findings suggest that many women entrepreneurs do not engage in credit markets because of their own perceptions of low creditworthiness, low financial literacy, fear of failure, or concerns about risk of being unable to repay.



[Click next](#) to learn more about how unit economics can influence WMSMEs demand for loans



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Unit Economics or Net Profit Margin Analysis

What is unit economics (or net profit margin analysis)?

Unit economics looks at the net profit generated for “one” unit of goods. Generally, companies may define unit as (a) the sale of one item., or (b) they can look at it as the cost of acquiring one customer vs the lifetime value that customer will produce. For renewable energy product distributors or retailers, this calculation will help dictate who they think are the most profitable customers and where adjustments can be made if offering financing. For RE technology enterprise customers, interest or demand for available financing will often be determined by the businesses’ own unit economics.

Want to participate
in the
development of
Clean Cooking
Alliance’s Unit
Economics
Framework?

Please contact:
ed.day@greencrofteconomics.com.

Why is it important?

- Net margins for different RE technologies may vary drastically, making a one-size-fits-all approach to set repayment terms and interest rates less feasible.
- More mature businesses may have different unit economics as economies of scale and efficiency improves.
- Since net margins are often proprietary, it is difficult for FSPs, INGOs, and donors to analyze the unit economics of a sector or sub sector to determine the exact financial product and service needs for WMSMEs as distributors, suppliers, and customers.
- Certain RE technologies or business models may require FSPs to differentiate interest rates for different business segments. For example, if targeted WMSMEs are concentrated in low margin businesses, they will be more sensitive to interest rates charged.
- For INGOs or donors facilitating WMSME finance through a partnership model with financial service providers, it is important to understand the net margins of WMSME partner businesses prior to partner selection. This will help determine if targeted WMSMEs can support loan repayment at offered interest rates. Otherwise FSPs will not view WMSMEs as viable clients.
- If companies fail to calculate the lifetime value of WMSME customers correctly, they may underestimate their value or opportunities to refine products and services to meet their needs.



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Developing Customer Personas for Targeted New or Existing WMSME Clients

What is a Persona?

A persona or an “archetype” is a descriptive summary of an existing or intended customer. It provides information about a user’s context, needs, motivations, key influencers, and values. It can be drawn from different sources like interviews, surveys, or sales or financing data. This information is used to create composites of similar users, which financial services providers or businesses can use to better understand/design for the group. Different than target customer segments, personas are more detailed pictures of customer experiences, goals and challenges, and habits. FSPs and RE Firms can create personas from existing WMSME customers and then use them to market to other similar WMSME customers or to refine products.



[Click here](#) to view the personas created from the research team’s interviews with several WMSMEs

Personas can help FSPs and Renewable Energy Firms providing financing to:

- **Better understand** which constraints are relevant and most important for different customer groups of WMSMEs, since they are not always the same.
- **Provide insight** into which key financial product features, service delivery, or marketing channels are valued most by different subgroups of WMSMEs.
- **Ensure** that FSP or RE company is creating value for intended customer groups.
- **Refine** existing financial product or service offerings based on insights revealed.



[Click here](#) for more tips and tools on creating personas



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© Sam Vox/ENERGIA

“I have always been an entrepreneur, but I wanted to make myself relevant in the RE sector, while also making the sector more relevant for women.”

[Click to read full WSME profile](#)

WSME PROFILE

The Value Creator

Sector: RE
Sex: Female
Age: 35 - 42 years old
Location: Lives in a capital city in a Sub-Saharan African country

PROFILE

Motivated by her desire to ease the challenges faced by women micro-entrepreneurs in her community, the Value Creator leverages her business experience and knowledge to identify innovative and affordable renewable energy (RE) solutions for her target customers. She uses her networks to fund her business. Though she sees many business growth opportunities, she remains unable to find the right financing products and investment. Her cautious growth path is seen by others as being risk averse, while her desire for steady growth is seen as unambitious.

“The main asset that I have invested has been my time. I was unable to pay myself for years.”

FINANCING JOURNEY & MAIN ACCESS TO FINANCE CHALLENGES

High interest rates made her reluctant to take a loan. She consulted several financial institutions, but was told her ticket size of USD 100,000 was too small for the financial institutions. She did not learn of products specific to RE or women entrepreneurs.

She learns about financing through her research and her network.

She provides financing to customers and follows up on reimbursement using a local sales agent model.

She initially financed her business by bootstrapping and help from her networks, but later secured grants. The demands of managing her other business, running this company, caring for her family, and applying for grants (national COVID-relief fund, African women in tech innovation grant, international RE sector grant) grew too challenging, so she hired help with grant writing.

She received non-financial advice on her business model that she found helpful to become investment ready and would like additional training.

“Gender compliance teams can be impractical with their recommendations – it ends up being just a long lists of checking boxes. But in our company, we see serving women as an important part of our strategy, with real practical implications, and not just a box checking exercise.”

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The Value Creator

Entrepreneur Attributes	Details
Age range	35-42
Education level	University degree
Number family members	Married with 1-2 kids
Age range of business in years	2-4 years
Sector	Renewable Energy
Current business stage	Growth
Source of start-up capital	Self-funding
Level of formalization	Formally registered
Sales model	Through sales agents
Primary customers and % of women	Customers are micro-enterprises in RE. Not targeting women specially but 60-80% are female.
Location	A capital city in Sub-Saharan Africa
Use of social media and purpose	Yes, for marketing products and promoting the business model
Financial Attributes	Details
Business turnover	USD 150,000-300,000
Business growth in revenue over last two years (%)	40-50%
Bank account	Y
Mobile money use and purpose	Payments to sales agents
Access to formal credit and source	No
Access to investment	Y, USD 100,000-200,000 through a grant
Insurance	N

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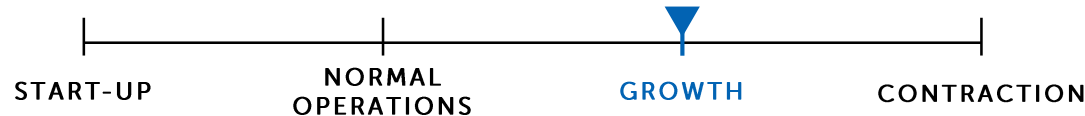
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The Value Creator

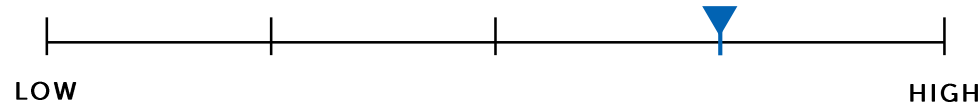
BUSINESS JOURNEY

She wanted to use her international corporate experience to add value to the domestic renewable energy sector, looking to pioneer work that helps people—and women in particular. She developed the concept several years before she launched operations but met a lot of skepticism from financial institutions and investors she believes because she was a woman in tech and her small ticket size requests. The business became operational thanks to investments from her personal networks and her sweat equity.

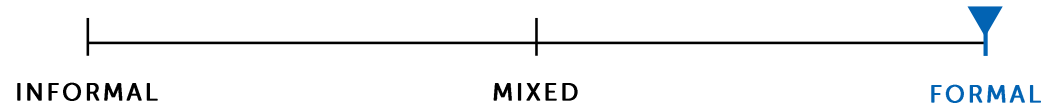
BUSINESS STAGE:



LEVEL OF DIGITIZATION:



LEVEL OF FORMALIZATION:



MOTIVATION:



BUSINESS MODEL

The company is owned by her personally and has 10-15 employees, plus 25-35 sales agents. Her sales agents are existing customers—mostly women—who love their services and who promote the products locally. They use PAYGO as a financing model for sales and are currently beta testing an application to improve the customer journey. She strives for a profitable and sustainable company, trying different solutions and model adaptations to accomplish this.

”The goal is to be profitable, scalable and sustainable”

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The Value Creator

FINANCIAL SERVICES JOURNEY

The Value Creator did not want to take out a large loan because she was concerned about getting into significant debt and paying a high interest rate. She approached a few financial institutions, but they did not have RE specific products and had high minimum loan sizes. They also seemed skeptical of a woman in tech.

She wants to create a business model that is not only affordable for her customers, but that provides dignified working conditions for sales agents and technicians—while also being profitable! She received advisory services from a EU funded investment support program that helped her find the right model and become investment ready. When she applied for grants, she found it time consuming since she was juggling family life and challenging business conditions. Without her network, she would have given up.

CHALLENGES & PAIN POINTS

- High interest rates and ticket sizes with FIs
- Grant application process complex and time-consuming
- More support needed on concrete actions and strategy for gender lens
- Making business model profitable and sustainable is a challenge, but she believes she has the right ideas and model

END CUSTOMERS

Her main customers are micro-enterprises who benefit from RE solutions, 60-80% of are women-led. The company offers financing that has been adapted to the financial capacity of the micro-enterprises. She also provides economic opportunities for these customers to become sales agents. Though the company is not only woman customer focused, she believes a gender lens is important and is interested in receiving help with gender strategy and other practical solutions.

START UP CAPITAL SOURCE:

- ☒ OWN
- ☒ FRIENDS & FAMILY
- ☐ GRANTS
- ☐ EXTERNAL INVESTOR / FSP
- ☐ LOANS
- ☐ ACCELERATOR/INCUBATOR
- ☐ EQUITY
- ☐ LINE OF CREDIT
- ☒ OTHER

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“Because credits are too scary for me and they require a lot of documentation including collateral security before you are given the money”

[Click to read full WMSME profile](#)

WMSME PROFILE

The Pragmatist

Sector: RE and Agribusiness
Sex: Female
Age: 35 - 42 years old
Location: Lives in a rural area close to a city in a Sub-Saharan Africa

PROFILE

The pragmatist is focused on the well being of her family and works with her family members to run her livestock agri-business. She has always managed the household budget. She saves some of her funds through a savings group, and even though she wants to help grow her family income, she does not feel comfortable taking a loan from anyone but her family and friends. She grew up on a farm and has knowledge of animal husbandry and livestock management. Heating will help her grow her business and increase her family's income. She is aware of an opportunity to use a bio-digester for heating and is determined to find the resources to buy one.

FINANCING JOURNEY & MAIN ACCESS TO FINANCE CHALLENGES

The Pragmatist started her current livestock business approximately three years ago, after the family farm no longer generated enough income.

Her family had used firewood to keep the animals warm in winter, and she continues to do so since her farm is not connected to the national electricity grid.

A few years ago, through her savings group, she received training on how to expand her brooding business beyond personal consumption. With support from her husband, she decided to focus on growing this business.

A year ago, she was able to make the initial deposit on a small bio-digester that will produce enough bio-gas to power a cookstove, a heater, and several lanterns.

She and her two teenage daughters have since been able to spend less time cooking and collecting firewood and focus more on their animal husbandry business.

They also built a heated outdoor enclosure for the animals using the bio-gas heater.

With fewer COVID-19 restrictions now, she hopes to sell more of her products in nearby markets, and eventually expand to sell at the larger town market.

“The sales agent advised me to make use of renewable energy (Biogas) for heating of my poultry in winter months and use the biogas for clean cooking. This would help grow my business through out the year.”

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The Pragmatist

Entrepreneur Attributes	Details
Age range	35-42
Education level	Secondary
Number family members	Married with four kids
Age range of business in years	2-4 years
Sector	Livestock farming
Current business stage	Start-up
Source of start-up capital	VSLA; Family
Level of formalization	Informal
Sales model	Selling produce in local market
Primary customers and % of women	Women in the village
Location	A rural area close to a city in a Sub-Saharan Africa
Use of social media and purpose	No
Financial Attributes	Details
Business turnover	150-400 US\$
Business growth in revenue over last two years (%)	40-50%
Bank account	N
Mobile money use and purpose	Y
Access to formal credit and source	No
Access to investment	N
Insurance	N

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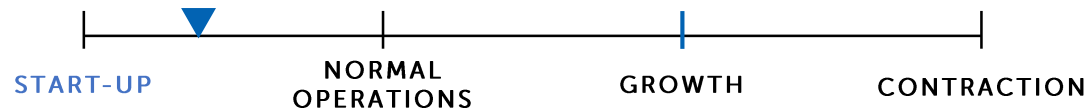
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The Pragmatist

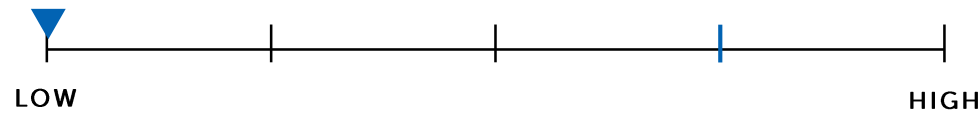
BUSINESS JOURNEY

The pragmatist started her current livestock business approximately three years ago, after the family farm no longer generated enough money to feed her family. A few years ago, through her savings group, she received training on how to expand her brooding business beyond personal consumption . With support from her husband, she decided to focus on growing this business. One of her neighbors recently got a bio-digester installed and is now able to turn their animal waste to manure, and use bio-gas for more efficient cooking. They even bought a bio-gas heater. The Pragmatist realized that the bio-digester could help grow her farm’s income significantly and also save time on cooking and collecting firewood.

BUSINESS STAGE:



LEVEL OF DIGITIZATION:



LEVEL OF FORMALIZATION:



MOTIVATION:



BUSINESS MODEL

Twelve months ago, she finally had the funds to make the initial deposit for a small bio-digester that will produce enough bio-gas to power a cookstove, a heater, and several lanterns. Since receiving the equipment, she and her two teenage daughters have been able to reduce time spent on cooking and firewood collection to focus more on their animal husbandry business. In addition, they built a new heated outdoor enclosure for the animals using the bio-gas heater. With fewer COVID restrictions now, she is hoping to be able to sell more of her animal products in the nearby local markets. She aspires to grow her business to one day be able to sell in the larger town market

“I want to grow my business so my children can run it in the future”

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The Pragmatist

FINANCIAL SERVICES JOURNEY

The Pragmatist and her family financed her business in multiple ways: by selling their farming produce, borrowing from friends and family, and using her savings group share-out funds. She did not want to take a loan from the local MFI because she was concerned that if her business did not do well, she would be stuck with the debt. About 18 months ago, when she first learned about the bio-digesters, she was excited but soon worried that she would not be able to afford a product costing almost \$1,500. When the local agent said she could buy it on installment with a 30 percent deposit, she began to save from the money her son sent home from the city. She does not think she can get a loan from the bank or MFI. She made the purchase 10 months ago and is already thinking about future growth of the business.

CHALLENGES & PAIN POINTS

- Does not think MFI and Banks are interested in small loans
- MFIs and Banks also require many documents and collateral, which she doesn't have
- Share-out amount from Savings Groups is not sufficient to meet the size of the deposit

END CUSTOMERS

Her main customers are other women and families in the village. Most of them purchase from her on credit, which might mean that she sometimes has challenges meeting her installment payments.

START UP CAPITAL SOURCE:

- ☒ OWN
- ☒ FRIENDS & FAMILY
- ☒ GRANTS
- ☐ EXTERNAL INVESTOR / FSP
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Supply Side Opportunities & Challenges



This guide is interactive.

Use the navigation menu on the righthand side of the page to read about each topic — what we know, opportunities, and tools or examples

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Supply Side Opportunities for Financing WMSMEs in the Renewable Energy Sector

Based on the research findings, the toolkit presents several opportunities for financial service providers and renewable energy companies providing finance, alike, to support the journey of institutions becoming more inclusive, especially as it pertains to their financial product and service offerings for WMSMEs.

Note: Given competition for resources, renewable energy firms and financial service providers are encouraged to select which strateg(ies) will work for them or how they can implement incrementally.

OPPORTUNITIES FOR FINANCIAL SERVICE PROVIDERS AND RENEWABLE ENERGY COMPANIES PROVIDING FINANCE

[Gender-Integrated Business Strategies](#)

[Click for more](#)

[Leveraging Sex-Disaggregated Data Collection and Portfolio Analysis](#)

[Click for more](#)

[Customer Research and Defining Customer Segments for WMSMEs in the Renewable Energy Sector](#)

[Click for more](#)

[Refining Financial Services Offerings for WMSMEs in the Renewable Energy Sector](#)

[Click for more](#)

[Facilitating Women's Entrepreneurship Development](#)

[Click for more](#)

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Gender Integrated Business Strategies

By tapping into gender insights and using a gender intelligence lens, businesses are better positioned to maximise their profit and market share, while also maximising impact. Using gender as a lever demonstrates to investors that the enterprise is tapping into all available ways to understand its market and the needs and desires of its customer segments, and that it is de-risking its investment while simultaneously maximizing business efficiencies, operations, sales and social impact.

– [Value for Women & Shell Foundation Performance Report, Driving Growth and Improved Business, Oct 2022](#)

RESEARCH STUDY FINDINGS:

- There has been significant progress as many renewable energy or gender lens investment impact funds have adopted the 2X Challenge gender criteria, prioritizing investment for WSMES or for firms whose product or service specifically or disproportionately impact women and girls.
- Some investors are also providing gender related technical assistance to investees, primarily in support of 2X Criteria.
- There has been less focus on supporting and encouraging investees to integrate gender throughout their business operations and models.
- Focus on gender has not incentivized a significant number of entities to invest in modifying financial products or services to better serve WSMES.
- Gender-related activities have also been susceptible to deprioritization, especially when pressing business challenges arise.
- Much more is needed to change the perception of gender as only related to social impact and equality, but also as key to achieving business goals.
- New examples of gender inclusive approaches are being tested by impact funds and donors to ensure that gender is integrated more holistically in business models, which the renewable energy sector can learn from and apply.

CASE STUDY



[AlphaMundi Foundation \(AMF\) Technical Assistance to Twiga Foods, Kenya](#)

Twiga, a fresh and packaged food distributor, sources goods from farmers and food manufacturers to deliver them to small retailers through its online marketplace.

As part of its B2B offering, it developed a Sokoloan product, providing financing for informal vendors. With AMFs support, Twiga employed targeted efforts to improve outreach to female vendors about its loan offering. After two months, the number of vendors accessing loans had doubled, and its vendor base had expanded to include more women suppliers.



[Click next](#) to read more about different examples of gender integrated business strategies being tested by impact funds and donors

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New Models for Technical Assistance in Gender-Integrated Business Strategies

Overview of [Gender-Smart Enterprise Assistance Research Coalition \(G-SEARCH\)](#):

- Group of six impact investors (AlphaMundi Foundation, Acumen, SEAF, Root Capital, AHL Venture Partners, and Shell Foundation) working to build the evidence base for how gender contributes to overall business performance.
- Generates evidence on the social and financial impact of gender-lens investments that incorporate gender-smart activities across their business process improvements with small and medium enterprises (SMEs) investees.
- Seven types of technical assistance provided to 21 SMEs across four sectors and three regions.
- Includes suggested social and financial key performance indicators to measure the success of gender-smart TA activities along with guidance on how to select them.

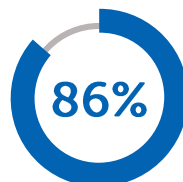


[Click here](#) to read the G-SEARCH Business & Social Outcomes Guidance

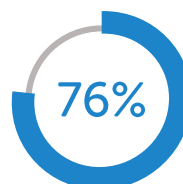


[Click here](#) to read a case study about AlphaMundi Foundation's G-SEARCH participation

RESULTS OF TECHNICAL ASSISTANCE:



of SMEs reported improved brand loyalty because they addressed or gave their external stakeholders (i.e. customers, distributors, or producers) the opportunity to share feedback, preferences, and challenges with the company



of SMEs reported improved workplace culture as gender perceptions and attitudes towards women improved



of SMEs shared that their leadership formalized the company's commitment to gender equality



of SMEs reported increased sales or number of customers



of SMEs used the TA engagement to attract interest or funding from new or existing investors of funding resources



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Leveraging Sex Disaggregated Portfolio and Customer Data

RESEARCH STUDY FINDINGS:

- Many FSPs sex disaggregate portfolio data, but do not segment for the renewable energy sector.
- Many RE companies providing financing do not yet sex disaggregate their portfolio data, especially in the PAYGO sector.
- Though entities collect this type of data during Know Your Customer processes, they do not leverage it to understand how or when they may need to refine products and services for underserved WMSMEs.
- There are low rates of RE technology sales to female customers.
- Few examples of RE companies or financiers profiling existing female customers to target product outreach for similar women customer uptake
- Productive use of energy (PUE) approaches are typically gender blind.

OPPORTUNITIES:

- For many RE companies, examining differences between male and female customer uptake is an important starting point to recognizing market opportunities. Sex disaggregated data can help FSPs and RE companies:
 - Uncover trends in repayment performance for future customer targeting
 - Identify gender gaps in product uptake, financing uptake, customer satisfaction, etc. for possible correction
 - Determine when to adjust product terms, features, marketing, value propositions, resolution channels, or after sales service
 - Help understand differences in product utilization between male and female customers (especially important for PAYGO providers)
- Importantly, sex disaggregating data is a starting point for all businesses to determine trends that need further investigation through customer research.

RESOURCE



[Gender Constraints in PAYGO Financing Models](#)

While few companies in the sector track sex-disaggregated data, anecdotal evidence indicates that women may only represent 25 percent of all registered PAYGO customers.

Quantifying this gap is a necessary precursor to understanding where PAYGO might be accessible or less appealing for different female customers.

Barriers such as digital literacy, high down payment percentages, documentation requirements, total interest charges, and cultural obstacles to women's asset ownership may be impacting uptake.

Other areas such as sales strategies and marketing techniques may have an impact on women's uptake of PAYGO.

An overwhelming male salesforce may "lack the tools and incentives to reach out to potential female customers."



[Click here](#) to read more about applying a gender lens to PAYGO models



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Examples of How Banks Have Used Sex Disaggregated Data



How KCB Bank Kenya Leveraged Sex Disaggregated Data and Customer Research to Better Serve WSMEs

Once it began sex-disaggregating, KCB, a leading SME banking institution in Kenya, realized that 40 percent of its business customers were women-led, but that only a small number of them were utilizing their loans.

Recognizing this gap, the bank conducted customer research to better understand WSMEs' unique financial and non-financial services needs. Perhaps unsurprisingly, the bank's research revealed that lack of collateral and lower asset ownership were constraints. It also learned that WSMEs wanted a stronger relationship with their bank, with more customized attention to their individual businesses and more opportunities to build their knowledge, networks, and confidence.

Armed with this new knowledge, the bank set out to design non-financial services offerings that would provide the support WSMEs desired. It also refined its credit offering to instead use cash-flow-based lending so that lack of collateral would no longer be a constraint for WSME loans. The results reinforced that KCB's investment had paid off—WSMEs utilizing cash-flow-based appraisal credit methodology had 0 percent non-performing loans, versus 12 percent for its overall SME portfolio.



[Click here](#) to read more about how KCB and others leveraged sex disaggregated data and customer research to better serve WSMEs



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Searching for Customer Gaps in Your Existing Data

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Why is it important?

If financing is key to expanding renewable energy product access, it is important to analyze, at a minimum, whether women are accessing financing for products in equitable way.

What should impact investors and donors be asking investees to track?

Suggested Sex Disaggregated Metrics:

- Non-performing loan ratio
- PAR >30/60/90
- Product uptake
- Utilization of financing for purchases
- Credit application rates
- Credit rejection rates
- Customer retention
- Cross product utilization
- Net promoter scores

SEX DISAGGREGATED PORTFOLIO ANALYSIS:

- At a minimum, tracks and evaluates portfolio growth, quality, delinquency, and non-performing loans, looking at male and female clients separately.
- Helps financiers identify market opportunities that they are not taking advantage of.
- Helps financiers to evaluate whether perceptions that women clients are higher credit risks are accurate.
- By further segmenting portfolio data, financiers can also recognize which female customer segments are performing well and which are not, to use to target new female customers.
- Looking at trends overtime can help FSPs and RE companies refine marketing strategies, set incentives for sales teams, etc.
- For example, if 40% of male customers are buying your product on credit, but only 10% of female customers are buying your product on credit, how do you explain the difference?



[Click here](#) to learn more about how Family Bank Kenya incorporated gender metrics across the lending process to support gender lens portfolio analysis



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What are the key questions that providers should be asking to guide their data analysis?

- Across all products and services, are there differences in uptake between male and customers by product?
- Are these differences expected?
- Is there a difference between the utilization of financing by men and women? Does this equate with higher level of rejections for women? Or lower application rates?
- How do female vs. male clients perform in repayment? Defaults?
- For PAYGO providers, are there differences in the reliability of ongoing payments?

SEX DISAGGREGATED SALES AND CUSTOMER DATA:

- At a minimum, tracks and evaluates sales data, looking at male and female clients separately.
- Helps financiers identify market opportunities that they are not taking advantage of.
- Helps financiers to illustrate customer preferences of female clients for targeting new sales or for retaining existing clients.
- Looking at trends overtime can help FSPs and RE companies refine marketing strategies, set incentives for sales teams, etc.
- By further segmenting sales and customer data, financiers can also recognize which female customer segments they have more traction with and for which products.
- For example, if 80% of your female customers are buying your clean cookstove products, but only 10% are buying your solar products, is there an explanation of the difference in preference? Is the pricing, value proposition, quality of product, company marketing campaign, or something else driving preferences? If so, is it possible to refine marketing strategies to increase solar sales?



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Customer Segmentation

What is customer segmentation?

Strategies used by businesses and financial service providers to specify who their target clientele is. FSPs and businesses use segments to tailor the value propositions and refine products/services for each segment. Traditionally, they have considered women as a single customer segment. However, research shows that providers are more successful when they identify and use more distinct female segments, based on who they would like to serve, their distinct needs, characteristics, and barriers. Segments are then used to inform outreach, product and non-financial services offerings.

Why is it important?

Customer segmentation is critical to understanding the women's market and a key step in the process of customer discovery. It can be useful to FSPs and RECs offering financing in the following ways:

- **Support** product development or refinement to develop new customer markets
- **Develop, test, and refine** more effective marketing strategies for specific customers
- **Predict** customer behavior and create more efficiency in outreach
- **Personalize** the customer experience
- **Improve** customer retention and optimize the customer journey
- **Improve** conversion metrics from prospective to active client

RESEARCH FINDINGS

There are many challenges for financiers in the sector emerging from the lack of customer segmentation, including:

- Inability to quantify profitability or viability of certain WMSME sub segments
- Incomplete understanding if financing gaps exist between male and female owned/led businesses
- Difficulty customizing sales or financing strategies to meet the diverse needs and constraints of different WMSMEs



[Click here](#) to view different WMSME personas created from Energia's research for further insights



[Click here](#) to learn more about how Access Bank is segmenting the women's market



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How to Segment Your Customers or Supply Chain Partners

How financiers or renewable energy companies providing financing choose to segment their customers is often based on availability of data or ease of analysis. Many financiers are missing an opportunity to leverage this data for more product insights. In fact, limiting customer segments only by sex may not help providers design and deliver services more effectively, since they may miss important differences between other categories of customers, like enterprise customers, business customers at different stages or in different sub sectors like OGS or clean cookstoves.

While it is true that many women may face challenges with loan collateral requirements, there may be a segment of women-owned or male owned MSMEs who have collateral, but do not want to risk it for loan sizes much smaller than its value. Therefore, many FSPs have found it much more useful to segment by characteristic or behavior that is linked to what that customer may need or prefer.



How can investors, donors, and development organizations support segmentation?

- Provide technical assistance on the importance and how-tos for segmenting
- Modify metrics to include segments
- Ask how companies/programs are using insights from segment data to make adjustments during baseline and midline evaluations and annual progress reports

EXAMPLES OF CUSTOMER SEGMENTATION STRATEGIES INCLUDE:

1

By customer type

Is the business a start up or in the nascent stage, in its growth stage, stagnant growth or mature?

2

By demographics

3

By business stage

4

By loan size

Such as willingness to pay, net margins for businesses

5

By other characteristic or behaviours



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CASE STUDY

Access Bank W-Initiative

HOW CUSTOMER SEGMENTATION HAS IMPROVED OUTREACH & UPTAKE OF WSMES

USING CUSTOMER RESEARCH & DATA ANALYSIS TO DEFINE FEMALE CUSTOMER SEGMENTS

Recognizing the potential growth opportunity of the women's market, the bank launched signature W-Initiative in 2014. The market research and customer segmentation process helped the Bank gain a better understanding of the women customers who were segmented into three categories – young professionals, women and family and Women in business (WSMEs).

Segment	W Young Professionals	W and Family	W in Business
Target Market	Career-focused women who are at a pre-family stage of their lives and who are not engaged in their own or part-owned businesses	Mix of professionally qualified middle and upper middle market women, married with children, consisting of non-working housewives, women who are engaged in professional employment, and women who may be engaged in running their informal micro/home-based business	Women managing their own micro, small or medium-sized enterprises who are responsible for making most business and financial decisions

FINDINGS ABOUT WOMEN IN BUSINESS SEGMENT VALUES

- Feeling valued and understood by their bank
- Better communication and information on products and services
- Fast and affordable services, including digital
- Developing their business skills and capacity to give them a market edge
- Tailored attention required for sub segment of women micro-entrepreneurs who experience unique challenges, barriers, and preferences (*low confidence* to engage with the bank and *low awareness* of products and services on offer, including digital)
- Access to fast, short-term loans
- Highly value peer support and connecting with other entrepreneurs



[Click here](#) for full Access Bank case study



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CASE STUDY

Access Bank W-Initiative

HOW CUSTOMER
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CUSTOMER SEGMENTATION STRATEGIES TO TAILOR PRODUCT & SERVICE OFFERINGS

- Although all three women segments investigated by Access Bank were interested in some type of business financing, Access Bank found that bundling tailored non-financial support based on business segment need was key to improving the value proposition for WSMEs.
- Using its 'W In Business' entrepreneur profile, the bank created bundled products that were tailored to the need of each segment.

AFTER THE FIRST THREE YEARS, THE W INITIATIVE:

- Increased savings account balances for different segment of women customers by  46% and  58% percent growth in lending to WSMEs.
- Added + 15.4 million new women clients. 
- Helped to ensure that women as customers represented 46% of Access Bank's portfolio.

By 2022, the bank plans to increase the percentage of women customers to at least 45%.



[Click here](#) for full Access Bank case study



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Refining Financial Service Offerings and Delivery

Why is it important?

Refining financial product offerings and service delivery can not only open up new markets for providers, but also ensure that underserved market segments, like WMSMEs, can access important renewable energy technologies.

Key considerations

1. Developing new products or services is *not* a necessity.
2. For many financiers, simply refining some of the requirements, features of financial products that take into account constraints, or gendered norms will allow greater access for WMSMEs.
3. In some cases, it may only require a change in service delivery or marketing to ensure that WMSMEs are aware of products and their value proposition.
4. Financiers should use information collected during customer discovery to determine which refinements will allow greater access for a sizeable enough segment of WMSMEs to make the investment worthwhile.



For more tools on designing and refining products for WMSMEs, please refer to:

- [GIZ Women's Financial Inclusion Toolkit](#)
- [CGAP Customer Centric Guide](#)
- [FinEquity Knowledge Guide: Gender Intelligent Design in Financial Services](#)

BEST PRACTICES:

- Establishing a profile of the WMSME segment that financiers intend to serve is key to being able to evaluate whether changes adequately address the respective constraints
- Financiers should aim to pilot refinements and be prepared to make refinements as needed.
- Providers do not need to address all constraints faced by WMSMEs, but instead focus on key constraints for a significant segment of WMSMEs to be financially viable for providers.
- To build the strongest business case for continuing to serve WMSMEs, providers should track indicators that allow them to measure Return on Investment, including customer acquisition costs, portfolio growth, quality, customer retention, and cross product utilization.



[Click here](#) to learn more about how impact investors, donors, governments, and others can incentivize financial product and service refinement



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Examples of Refined Financial Offerings for WMSMES

Some of the ways that financiers have refined their financial service offerings to support expanding access and uptake of WMSMEs include changes to:

- [Marketing](#)
- [Credit assessment processes](#)
- [Targeting sales strategies for specific customer segments](#)
- [Refining outreach criteria](#)

[GUIDANCE ON DEVELOPING WOMEN'S INCLUSIVE FINANCIAL PRODUCTS:](#)

Objective	Intervention ideas
Promote a friendlier environment for women customers	Train staff on how to engage with women entrepreneurs and why gender-neutral banking doesn't work; consider hiring and training more female relationship managers , as this could increase accessibility to new customers and provide greater comfort to them
	Digital channels should be explored to increase distribution beyond branches (online banking, mobile banking, and phone-a-financial product facilities)
Customize policies, processes, and systems to align to female entrepreneurs' needs	Simplify the approval process to reduce the number of visits to branches
	Explore options on psychological or alternative collaterals , such as movable assets and business assets
	Simplify your Know Your Client (KYC) requirements as far as legally possible

Source: GIZ Women's Financial Inclusion Toolkit (pg. 53)



[Click here](#) to hear more about how FSPs, like Boost Capital Cambodia and Boost Nigeria, are increasing finance for WMSMEs by collecting digital data



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Examples of Refined Financial Offerings for WMSMES

CASE STUDY



Refining the Credit Analysis Process & Collateral Requirements:

[Women's Entrepreneurship Development Project \(WEDP\) Ethiopia, 2014 – 2019](#)

- Utilized alternative credit criteria provided by LenddoEFL's psychometric scoring to increase lending to women's enterprises.
- By demonstrating that entrepreneurial attitudes and propensity to repay could be measured by WMSMEs' responses to survey questions in lieu of collecting collateral, the program helped to encourage greater lending to women's enterprises.
- Also provided technical assistance to MFIs to improve cash-flow-based lending, which culminated in FSPs recognizing alternative forms of collateral, like business inventories, vehicles, and personal guarantees.
- Reduced collateral requirements from 200 percent of loan value to 125 percent.

CASE STUDY



Smaller Deal Sizes: Sima angaza Distributor Finance Fund

- High due diligence costs and lengthy processing times, have required many renewable energy-focused or gender lens investment impact funds to set deal sizes out of reach for many WMSMEs, with the majority ranging from USD 500,000 to 3 million.
- For SIMA angaza Distributor Finance Fund, the key to providing debt financing for its target distributor client base was to reduce deal sizes.
- Serving WMSME distributors linked through the angaza technology platform, the Fund was able to streamline the due diligence process with respect to data gathering, verification and credit assessment.
- By using the digitally enabled data for sales and asset quality from the angaza technology platform, the Fund was able to underwrite small ticket sized loans more efficiently,
- Now offering debt financing with ranges from 50,000 to \$1 million USD, and up to four-year terms, the fund has achieved 10 percent representation of WMSMEs in its portfolio along with 60% of investees exceeding 2X women's senior leadership criteria at 33% or more.

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Examples of Refined Financial Offerings for WMSMES

CASE STUDY



Expanding Uptake of Productive Use of Energy Asset Financing Through Affordable Interest Rates & Outreach CRT/Nepal: 2019-2021

- Worked with nascent female entrepreneurs to facilitate linkages with local banks for PUE financing.
- CRT/N engaged rural municipalities to ensure women were able to obtain documentation needed for loans since this was a common constraint.
- Unique Nepali Government policy mandate to provide low interest credit to women incentivized banking partners to offer subsidized financing, with the program linking 218 women entrepreneurs to affordable credit for PUE assets for their new businesses.
- Main financing partner, Agriculture Development Bank Limited (ADBL), provided loans to 81 female entrepreneurs at a relatively low interest rate (2.5 to 6 percent per annum).
- Cognizant of women clients' distances and time constraints, Bank staff travelled to remote locations to help women entrepreneurs complete credit assessments.
- Along with the national policy mandate, substantial priming of entrepreneurs was key to this program's success and remains difficult for others to replicate.

CASE STUDY



[Modifying the Lending Process not the Lending Products](#) [Botswana Citizen Entrepreneurial Development Agency \(CEDA\)](#) [2019-2021](#)

- Instead of creating new lending products, CEDA worked to create a conducive environment for women to borrow by integrating gender considerations in all phases of the product delivery model.
- Employed flexible security for loans, whereby banks negotiated with clients to determine available collateral, since collateral constraints were a key barrier for women-led MSMEs.
- Utilized Key Performance Indicators (KPIs) that were reported monthly to the government, including disaggregating data by sex, age, and disability.
- CEDA offers non-financial services like peer-to-peer mentoring, monitoring, bookkeeping, accounting, and other skill development based on client needs.
- CEDA disbursed P386 million (USD 33.2 million) to 8,240 women-owned enterprises.



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Sustainably Bundling Non-Financial Services (NFS) for WMSMEs

RESEARCH STUDY FINDINGS:

- Lack of customer research and segmentation means that non-financial service needs of different WMSMEs are not well understood and providers cannot determine if they can profitably offer bundled non-financial services with financing.
- Several FSPs have shown how offering non-financial services to targeted WMSMEs clients has made them better credit clients.
- There are still many FSPs and RE companies providing financing view NFS as a costly, non-revenue generating activity.
- It is important to segment the needs of different female entrepreneurs/WMSMEs to determine how to deliver NFS in most cost efficient and profitable way.
- Financiers are using NFS to help women microentrepreneurs to transition to SMEs, which increases their banking needs.
- For many, partnerships offer a more cost-effective alternative to providing in-house NFS, provided that goals are aligned FSPs.



[Click here](#) to read more about how IFC Banking on Women partners segmented NFS to design more financially sustainable models.



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Monitoring Product Uptake and Tracking Impact

Why is it important?

How and what financiers track to measure product uptake and impact can determine whether providers are able to make the business case for refining services to WMSMEs. It can also help providers adjust course when they identify differences between customer segments, in particular women.

What does it mean?

- Investing in data systems to ensure that providers can track ownership of enterprise clients
- Tracking metrics across the customer journey to identify
- Sex disaggregating metrics across the lending process



CASE STUDY

Family Bank Kenya

- Family Bank was looking to improve its market position and become the #1 bank for women SMEs in Kenya. Family Bank made a series of investments to allow better monitoring and tracking of performance and adjustments.
- Implementation of a data system to identify and track women-led businesses.
- Incorporated gender metrics across the lending process to support gender lens portfolio analysis.
- Analysis of loan performance data confirmed that women-led SME clients have lower rates of non-performing loans than men.
- This insight helped pave the way for the design of a new, uncollateralized loan product for women-led MSMEs.
- Between the first and second quarters of 2022, the bank saw a 9.5% increase in women clients entering their micro and SME banking pipeline.



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Facilitating Women's Entrepreneurship Development

RESEARCH STUDY FINDINGS:

Several women-focused business models in the renewable energy sector concentrate on developing women entrepreneurs as sales agents to facilitate better sales to women customers.

However, these female sales agent models have not included access to finance component since agents do not have to finance inventories and work on commission.

These business models face several challenges when it comes to facilitating financing for their salesforces or customers, including:

- **Difficulty in successfully linking large numbers of female entrepreneurs to financing** (apart from grant funding or highly subsidized guarantee programs) without using a segmentation strategy because of high diversity in credit readiness, business experience, and business capacity of female entrepreneur partners, as well as low demand for formal finance or variability in risk preferences.
- **Heavy reliance on subsidies** from development organizations or crowd funders to reduce interest rates for financing or entrepreneurship development without a clear path to sustainability.
- Programs that are recruiting and training new or nascent female renewable energy entrepreneurs as distributors are **often not yet credit eligible**.
- **Small loan needs for working capital are not attractive** for financial service partners, unless there are significant volumes of sales agents/distributors.
- **Lack of collateral for larger loan sizes** is still problematic for many women distributors within these programs.



CASE STUDY

How a Women's Entrepreneurship Program Incorporated a Market-Driven Approach to Financing Partnership

Frontier Markets (FM) India, a rural e-commerce social enterprise in India, with 30,000 women as sales agents, known as "sahelis." Sahelis function as last-mile micro-entrepreneurs, selling products (including off grid solar products) within their villages., as well as financing and technical assistance to help local women start their own enterprises. FM recruits women who are part of the self-help groups (SHGs) in India, and it provides initial training and onboarding on using the FM app and virtual marketplace.

Challenge: Frontier Markets e-commerce platform doesn't include any financial services for the women entrepreneurs who need access to working capital to order products based on customer demand from the virtual marketplace.

Solution: FM is sharing its data on sahelis' sales history with local banks that are willing to lend to SHGs that the sahelis belong to, which reduces the information asymmetries between banks and prospective clients. Given that the SHG loan product is not always sufficient for working capital. FM is also actively testing new working capital products and exploring partnerships with fintech providers as it grows its workforce.



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Building the Business Case



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Building the Business Case for Providers to Invest Women's Inclusive Financing in the Renewable Energy Sector

Developing a strong business case for gender-responsive financing is key to maximizing the buy-in by supply chain actors and ensure the longevity of efforts.

- It involves quantifying the financial benefits of serving an underserved WMSME market—looking at [potential revenues, costs and risks of alternative options](#).
- It should connect to the specific business outcomes and goals that are most compelling for the sector—[portfolio quality, risk mitigation, cross-utilization of products, customer growth, and retention](#).

“While awareness of the broad economic benefits of serving women is growing, the questions of “how much will it cost” and “what is the benefit to our portfolio” are difficult to answer. Serving women is perceived as risky, because cost is involved – to conduct research to understand segment needs, to align a business model around serving them, and to adjust or develop additional products – and the potential return is seen as low, because women are not the majority of business customers and they tend to borrow smaller amounts than men.

– Investment Climate Reform Facility, [Trends in Gender Finance in ACP Development Finance Institutions Report](#), April 2022

As discussed in Section 2 (Ecosystem & Context), the specific financial market dynamics and policy and regulatory framework can influence the incentives or feasibility to modify product requirements or offer non-financial services support.

The business case for certain female customer segments in the renewable energy sector as better potential customers is supported by several anecdotal studies:

- As highlighted by 60_decibels, [female off-grid customers have a higher average NPS than men](#), by as much as 20 points.
- [Women entrepreneurs in Rwanda tended to perform more favorably](#) in terms of sales, profitability, and job creation when key factors such as industry, business age, and size are considered.



[Click here to access](#) Financial Alliance for Women's business case tool for financial service providers that shows how providers can use internal and external data to size the market opportunity

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Data Gaps are Impeding Business Case Development

Addressing data gaps is a clear first step to building the business case for providers. Despite having information about the size of the WMSME and women's market, some providers still view the WMSMEs as riskier clients that need substantial support in order to be viable.

Missing data in the sector that would support a stronger business case includes:



Aggregate information about WMSMEs current level of participation in the sector, as distributors, retailers, or customers



Sizing the financing gap by type of financial product, including PAYGO, lease to own financing, working capital loans, etc.



Sex disaggregated comparisons of internal financial returns for customer uptake or acquisition, drop out rates, revenue or profit, and portfolio performance



Analysis of women's market opportunity (revenue per product, profit per product, usage, cross-selling).



Given that unit economics and margin analysis are largely proprietary, those who support the sector are also lacking vital information to understand when financing may be most profitable and effective for WMSMEs



Learn more about opportunities to support the business case for:

- [Donors /DFIs](#)
- [Impact investors](#)
- [INGOs](#)

"[The] lack of data perpetuates gender gaps. . . . Financial Service Providers have consistently struggled to provide sufficient financial services to women, because they often do not have data needed to develop an accurate picture of the women's market, and therefore cannot build a business case for targeting women or monitor their own performance with the women's market."

– Investment Climate Reform Facility, [Trends in Gender Finance in ACP Development Finance Institutions Report](#), April 2022

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Lessons Learned from the Financial Inclusion Sector about the Returns on Investment from Serving WMSMEs



CASE STUDY

[IFC Banking on Women Program](#)

Highlights key examples from KCB Bank in Kenya and other financial institutions who have expanded product and service delivery for WSMEs, demonstrating the business case for how to do so profitably.

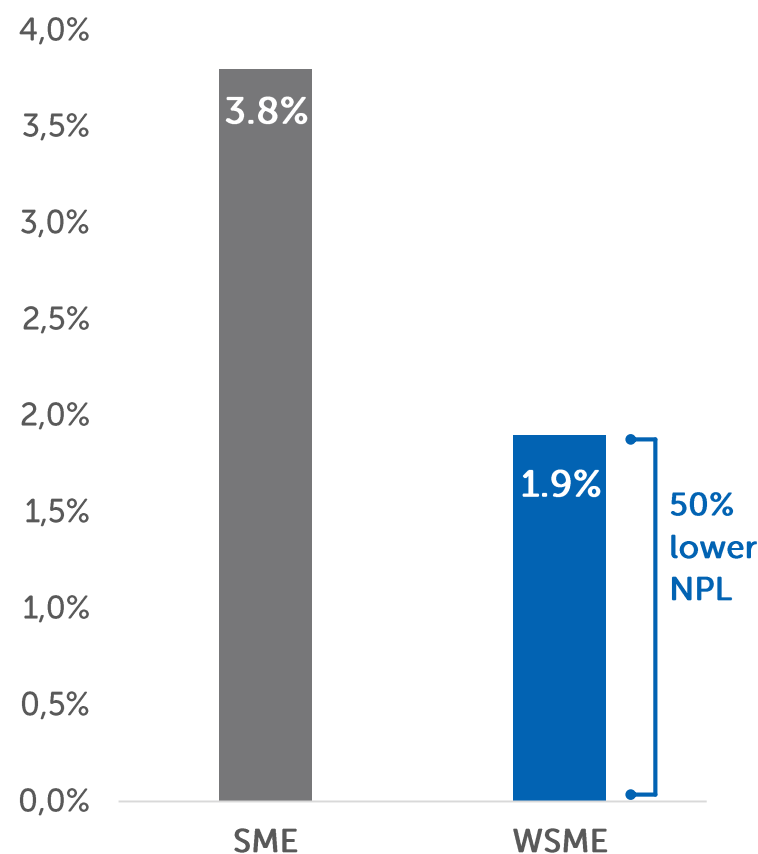
Realized that by expanding their Return on Investment (ROI) metrics beyond interest income earned from loans, banks have been able to show positive returns on investment for their WSME focused non-financial service offerings in one to two years.

Some of the newly understood benefits that the banks are now tracking are:

- Measuring how improving relationships with WSME clients resulted in higher savings deposit volumes and fee income due to cross-selling, increased loyalty, and lower customer inactivity rates.
- For KCB Bank, expanding lending had reduced portfolio risk since WSME clients had lower non-performing loan rates than other SME clients.
- For ACBA Bank in Armenia, which found that between 2016 and 2018 the costs for its business training program for WSMEs were covered by a factor of 2.5 after accounting for increases in loan revenues and increased customer loyalty.

In 2018, WSMEs in IFC client banks with targeted Banking on Woman programs had Non-Performing Loans (NPLs) of **1.9%** vs. **3.8%** for the total SME portfolio.

FIGURE #: DIFFERENCE IN NPL



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Building the Business Case for Impact Investors to Invest in Women's Inclusive Financing for the Renewable Energy Sector

RESEARCH STUDY FINDINGS:

- Funding is still a significant constraint to providing gender inclusive technical assistance to investees.
- Several studies suggest a lack of expertise has limited the integration of gender into business models, with funders instead focusing gender action plans on more concrete 2X Criteria improvements in women's employment recruitment, senior leadership, and workplace policies.
- Lack of analysis of pre- and post-gender technical assistance means that impact funds do not have data to support further investment in technical assistance for their portfolio companies.
- Key metrics of greatest importance to impact funds to build the business case for the importance of making key gender investments for their portfolio include:
 - Return on Investment (ROI)
 - Portfolio Quality
 - Business Longevity
- Several pilot studies have established positive business impact for investees who have implemented gender strategies tied to business goals:
 - Improved employee satisfaction
 - Productivity
 - Employee and client retention
 - Sales revenues
 - Brand recognition
 - Customer satisfaction



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Business Case Calculation Example

BUSINESS CHALLENGE

Declining portfolio quality for financed renewable energy clients

For renewable energy companies providing financing or financial service providers whose key concern is portfolio quality, the case for refining business models, product, and service offerings to better serve WMSMEs will be tied to how target WMSME segments perform in loan repayment.

BUSINESS CASE QUESTION

Are there particular women enterprise segments that exhibit strong repayment behavior?

TRACKING INDICATORS

- **Non-performing loan ratios**, looking first at sex disaggregated data and then by sub segment
- **Portfolio at risk for 30, 60, 90 days**, looking first at sex disaggregated data and then by sub segment



[Click here](#) to review Arab Women's Enterprise Fund's tools & guidance for how private sector actors can identify a business case framework and compile the requisite metrics to support it (p.8)



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Supporting the Financing Ecosystem



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What Can You do to Incentivize Women's Inclusive Financing?

Impact Investors

- Investors can support investees with gender-smart technical assistance, emphasizing how attention to gender can address business challenges.
- Investors can also continue to support initiatives to incentivize additional commercial capital flows to the sector, especially to support businesses, financial institutions, or initiatives provided partners demonstrate a strong commitment and business interest in customer centricity and more gender-inclusive financing models.
- Investors can request reporting on gender financing gaps by segment.

International Development Organizations

- International development organizations can shift from gender-blind approaches, taking existing or generating new data to determine where gaps exist in their customer market segments and highlight these as opportunities for innovation.
- INGOs can build the capacity of local financial services providers to better understand the needs of women entrepreneurs, translate those needs into products and services, and in collecting and using sex-disaggregated data.
- INGOs can request reporting on gender financing gaps by segment from FSP partners.

Donors, Development Finance Institutions (DFIs), and International Finance Institutions (IFIs)

- Donors, DFIs, and IFIs can continue to incentivize additional commercial capital flows to the sector, including de-risking investments through guarantees, securitization of accounts receivable, foreign exchange hedging, especially to support businesses, financial institutions, or partner initiatives that demonstrate a strong commitment and business interest in customer centricity and more gender-inclusive financing models.
- Donors, DFIs, and IFIs can incentivize FSPs to adopt new lending policies, such as alternative credit scoring or cash-flow-based lending, where regulation permits, that would enable more WMSMEs to access credit.
- Donors, DFIs, and IFIs can support impact funds by providing funding for gender-smart technical assistance and by changing how gender is evaluated from the donor perspective beyond impact only.
- Donors and DFIs can facilitate analysis of pre- and post-gender integrated technical assistance for programs they support.

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Guidance for Impact Investors

As a key influencer of their investees, impact investors can encourage Renewable Energy companies providing financing and financial service providers to think differently about gender and connect it to business challenges and opportunities.

REPORTING AND TECHNICAL ASSISTANCE:

Expanding 2X Challenge Metrics

- Require investees to collect and report sex-disaggregated data about the characteristics and behaviors of their customers, such as take-up rates, frequency and amount of repayment, default rates, preferred choice of product, and channel of delivery that can help quantify financing gaps for women customers and help providers see women's preferences.
- Require all investees providing financing, including PAYGO, to sex disaggregate financing portfolio.
- Encourage renewable energy-focused investees to further disaggregate metrics by customer segments, which may include enterprise vs. household clients, in order to help evaluate gaps for different women customers and understand women's preferences.
- Encourage financial service providers to segment portfolios by sector to identify opportunities and financing gaps in the renewable energy sector, especially for different women customer groups.

Business First Technical Assistance / Gender Action Planning

- Provide gender smart technical assistance to support investees to identify where to make investments in gender inclusion that will address business challenges/metrics.
- Change the conversation about gender as not only important for social impact, but also as critical to addressing business challenges.
- Promote tools like those in Sections 4 and 5 to ensure that REC or FSP investees understand the constraints and preferences of various WMSME and refine products and services to better serve them.
- Encourage financiers in the RE sector to examine how unit economics may impact the attractiveness of credit offerings in order to refine terms where possible.
- Encourage financiers to test alternative credit scoring mechanisms to reduce collateral burdens that disproportionately impact many women.



[Click here](#) for more recommendations from the Value for Women Driving Business Growth Report

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Guidance for Impact Investors

Given the data gaps in the evidence base related to the business case for serving WMSMEs in the renewable energy value chain, investors have a unique opportunity to look across their investment portfolios to identify compelling use cases for financing WMSMEs in the sector.

CONCRETE WAYS TO BUILD THE INTERNAL & EXTERNAL BUSINESS CASE FOR GENDER INCLUSIVITY:

Refining Investment Criteria and/or Due Diligence Processes to Increase Participation of WMSMEs

- Creating target funds with smaller deal sizes.
- Examine opportunities to leverage alternative digital sources of data for due diligence to reduce transaction costs of funds and barriers to entry for WMSMEs.
- Conduct research from existing WMSME investees to determine constraints and opportunities to expand investment for WMSMEs and marketing for new WMSME investees.



[Click here](#) to learn more about G-SEARCH's social, financial, and outcome metrics that investors and donors can use to track the success of technical assistance for SMEs across business operations

Quantifying the Return on Investment for Gender Inclusive Business Model Adjustments at Fund and Investee Levels

- Measure key business performance metrics of investees and across fund portfolios for pre- and post-gender-action plan implementation to articulate the business case for gender integration into business models.
- Track and compare performance of investees receiving gender smart technical assistance, applying 2X Challenge Criteria vs. investees who are not.
- As highlighted by the Gender-Smart Enterprise Assistance Research (G-SEARCH) program recommendations, create a matrix on the cost of the technical assistance engagement vs. its performance to incentivize investors and SMEs to allocate limited resources.



[Click here](#) to learn more about how AlphaMundi Foundation's gender smart technical assistance is achieving business impact for investees

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Guidance for Donors and Development Finance Institutions

Donors and DFIs can provide funding to support Renewable Energy companies providing financing and financial service providers to test, refine, and quantify how WMSMEs can contribute to the bottom line.

Partner Selection

- Prioritize and select partners using customer centric and women inclusive approaches
- Design funding to address incentives and disincentives for the country specific financial ecosystem of WMSME finance by:
 - a) Funding Business First Technical Assistance / Gender Action Planning by partners.
 - b) Funding or encouraging impact funds, RECs, and FSPs to leverage digital data to avail financing WMSMEs.
- Provide funding and/or technical assistance to RECs providing finance and FSPs to:
 - a) Perform customer research and develop segmentation strategies that include WMSMEs.
 - b) Improve sales, credit, and non-financial services strategies to identify and target WMSMEs that are best positioned to leverage PUE asset financing to increase profitability.
 - c) Based on customer research, design or refine financial product offerings to make them more attractive to WMSMEs (e.g. longer repayment periods, more flexible repayment schedules, non-financial services support, different outreach channels).
 - d) Encourage and support funding pilot-testing non-financial services offerings for WMSMEs in the sector, helping financiers examine business performance benefits and the business case for others.

Program Design

Sex Disaggregated Metrics

- Require investees and programs to report sex disaggregated financing portfolio metrics and sex disaggregated impact metrics for benchmarking and progress.
- Require reporting of segmented data on financing, other product metrics to determine which financing programs, products, or models may be more successful in serving specific WMSMEs compared to others and increase replicability.

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Guidance for International Development Organizations

INGOs have several opportunities to support WMSME finance in the sector through their program design, partner selection, technical support, and funding.

Improved Program Design with a Focus on Market Facilitation

- Include access to finance as a component in the design of renewable energy entrepreneurship programs from the onset.
- Support market's understanding of how unit economics for different subsectors may impact the attractiveness of credit offerings to refine terms where possible.
- Conduct or support customer research and develop segmentation strategies for programming that include WMSMEs, to determine tailored access to finance and non-financial service approaches.
- Evaluate using various types of funding to facilitate access to finance for different WMSME segments, e.g. grants for fledgling WEs that cannot yet qualify for formal financing or guarantees.
- Understand the incentives and opportunities in the financial ecosystem to enable access to finance for WMSMEs.
- Set program goals to ensure sustainability and crowding in post program.

Facilitating Partnerships for Financial and Non-Financial Service Offerings

- Understand key market challenges and constraints in serving WMSMEs from the perspective of FSPs.
- Select financial service partners that are already incentivized to serve different segments of WMSMEs.
- Design partnerships around building the business case for financial partners to expand services to WMSMEs in the renewable energy sector.
- Support FSPs and Renewable Energy companies providing financing to design new or adapt existing financial products to meet the needs of WMSMEs.
- Support FSPs and RE companies to design bundled non-financial service tailored to different WMSME needs.
- Identify program metrics tied to business performance goals for financing partners so they can continue to offer products and services to WMSMEs after the end of the project.

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Guidance for Women's Entrepreneurship Programs Linking to Financial Service Providers

To scale up the financing available to women entrepreneurs (WE) in the renewable energy sector, such programs and projects need to look at market-driven models of financing, that address the particular constraints of the WE segments being targeted. Some examples include consignment-based financing or digitally enabled supply chain financing, which can facilitate working capital access without the need for collateral.



Build understanding that a multi-tiered approach is necessary

- Some female entrepreneurs will be interested in and able to meet requirements to link to formal finance.
- Other female entrepreneurs will either not be interested in formal finance or be unable to demonstrate sufficient credit history or business track records for FSPs.
- Similarly, different segments of women entrepreneurs will require tailored business support services to address their specific needs to be most effective.
- Financial market dynamics will also affect the ability and appetite of FSPs to develop or refine existing products and services to meet the needs of WEs.



Programs should integrate access to finance as a key component from the onset to:

- Ensure recruitment processes for WEs can allow effective segmentation and high probability of linkages.
- Guarantee that programs have sufficient interest for formal financing from WEs, to incentivize bank partnership.
- Engage with FSP partners early and ensure strong alignment with goals and awareness of key needs for banks to maintain their interest and to better serve WEs.
- Identify and evaluate constraints, incentives of potential FSP partners that may impact interest in refining products of services based on the needs of WEs.

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Conclusion

- The renewable energy sector's limited understanding of the financing needs, preferences and constraints of different types of WMSMEs, both as customers and supply chain actors, has prevented providers from realizing the benefits already seen in other sectors by those serving similar customers.
- Ecosystem and supply side realities, such as lack of patient capital or funding, uncompetitive markets, stringent regulations, insufficient customer research, data analysis and segmentation, make it difficult for FSPs and RECs providing financing to fully integrate gender in their business models.
- Data gaps in the renewable energy sector impede a true understanding of the extent of the gender financing gap for WMSMEs, including a lack of sex-disaggregated portfolio data, a lack of RE sector disaggregated WMSME data by FSPs and a lack of differentiated data between enterprises and individuals.
- Though many providers view "gender work" as a significant business investment without a financial return, examples from outside of the sector demonstrate how providers have made incremental adjustments, selecting from the aforementioned tools and strategies, to identify gender gaps and address them profitably.

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- Though many providers view “gender work” as a significant business investment without a financial return, examples from outside of the sector demonstrate that when providers make incremental adjustments, using the aforementioned tools and strategies, they can identify gender gaps and address them profitably.
- While the use of 2X criteria by impact investors has improved internal policies and procedures within RE firms and financiers, more work is needed to help these entities understand how gender can contribute to immediate business performance and success.
- Providers need a stronger business case to incentivize them to design or refine financial products, services and/or delivery to meet the needs of WMSMEs.
- Impact investors, donors and others can support building the business case by requiring and funding additional data collection, encouraging customer segmentation from investees and partners, and by providing business first gender technical assistance.



By highlighting the gaps and opportunities in the financing ecosystem and the supply of financing for WMSMEs, this toolkit hopes to inspire additional funding and technical assistance from donors, investors, and RE sector support organizations to better incentivize financiers to move into the action phase of testing and refining financing and business models that meet the needs of different WMSME segments.

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About ENERGIA and GET.invest

ENERGIA, the International Network on Gender and Sustainable Energy, is recognized globally as a thought leader and a powerful voice in advancing global and national agendas for a more gender-inclusive energy sector. Over the last 25 years, it has contributed to the recognition of gender and energy issues as being intrinsic to inclusive development; supported gender-responsive policies; tested implementation solutions; built capacities; built partnerships and a constituency; and generated knowledge and communication materials. These efforts are all geared towards creating a more gender-equal energy sector.

For more information, visit: www.energia.org.

This research was supported by **GET.invest**. GET.invest is a European programme which supports investments in renewable energy. The programme targets private sector business and project developers, financiers and regulators to build sustainable energy markets in partner countries. Services include market information, a funding database, matchmaking events and access-to-finance advisory. Since 2022, GET.invest powers the Team Europe One Stop Shop for Green Energy Investments, an access point for information about and facilitated access to European support and financing instruments for energy projects and companies in Africa. The programme is supported by the European Union, Germany, Sweden, the Netherlands, and Austria, and works closely with initiatives and business associations in the energy sector.

For more information, visit: <https://www.get-invest.eu>.

About Distill Inclusion

Distill Inclusion is a women-led management consultancy firm based in Sub-Saharan Africa that enables stakeholders in the energy, water, transport, and climate change sectors to think practically about issues of gender equality and social inclusion challenges and opportunities. We have a range of specialists available to work with you on designing innovative approaches and spearheading research, including data collection, capacity building and training, project implementation, monitoring and evaluation, and knowledge development. We aim to help you gain clarity in your gender and social inclusion journey.

For more information, visit: <https://www.distillinclusion.com>.



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Additional Resources



This guide is interactive.

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CASE STUDY

Bidhaa Sasa

BUILDING CUSTOMER CENTRIC BUSINESS MODELS



© Bidhaa Sasa

Bidhaa Sasa looked more deeply into the realities of women in rural western Kenya and found that their incomes and their roles in farming and household purchase decisions were grossly underestimated.

The company has found that the products that directly save the end user time and/or money and make their work easier have strongest demand and good repayment rates.

Bidhaa Sasa, a social enterprise whose customer base is 82 percent low-income women. Despite its smaller size, the company provides an example of how last-mile off-grid solar companies and financiers can use a customer-centric approach to adapt products and services to better meet the needs of women enterprise clients. Bidhaa Sasa continuously uses this knowledge to refine its product and financing offerings.

BUILDING A FINANCING MODEL AROUND FEMALE CUSTOMERS

- Bidhaa Sasa is a last-mile finance and distribution company that brings products like solar lanterns, solar home systems, improved cookstoves, agricultural tools and storage solutions, and other household goods to a predominantly rural, low-income female customer base.
- Through research, the company built a compelling rationale for building a business around the women's segment given evidence of demand and also strong social networks that could be leverage to build a business mode.
- By modifying its financing model to create a group liability model and focusing on affordability or repayment plans, the business has allowed many women to access solar, cooking, and agricultural technologies for the very first time.
- Its direct-sales, mainly woman-to-woman distribution model has not only reduced its customer acquisition and marketing costs but has helped reduce trust barriers that might discourage its targeted female customers from making purchases.
- Although many renewable energy technology companies perceive customer research as a costly venture, Bidhaa Sasa has shown how even a small company can do this efficiently by integrating customer research into its operations at various touchpoints and leveraging existing business data.

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CASE STUDY

Bidhaa Sasa

BUILDING CUSTOMER CENTRIC BUSINESS MODELS



"I don't have anything in common with my customers, so how do I overcome that handicap? I have to do a lot of research. If you're not customer-centric, then you don't have a business case."

– Rocio Perez-Ochoa,
Co-Founder & Director, Bidhaa Sasa

LEVERAGING DATA AND BUILDING CUSTOMER FEEDBACK INTO THE MODEL

- Bidhaa Sasa has incorporated customer research into its day-to-day processes by adding customer research questions to Know Your Customer (KYC) application forms and having staff collect data on preferences and products during normal customer touchpoints.
- Bidhaa Sasa uses the performance metrics it tracks to create actionable information about how it is serving specific customer segments.
- This has helped dispel the myth that female loan clients may pose more risk than male ones.
- Bidhaa Sasa's sex-disaggregated portfolio data have shown no difference between male and female clients' repayment behavior.
- Aware that sex differences are not the full story, the company also groups customers by product purchased (solar vs. agriculture vs. cookstoves) and geographic location
- Although many renewable energy technology companies perceive customer research as a costly venture, Bidhaa Sasa has shown how even a small company can do this efficiently by integrating customer research into its operations at various touchpoints and leveraging existing business data

WAYS TO REDUCE THE COST OF CUSTOMER RESEARCH:



Collect data during natural customer touchpoints.



Add customer research questions to KYC forms.



Leverage customer knowledge of front-line staff and partners.



Analyze existing data to uncover trends and unanswered questions to highlight areas for further investigation.

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CASE STUDY

AlphaMundi Foundation

RECOGNIZING HOW BUSINESS
FOCUSED GENDER TECHNICAL
ASSISTANCE IMPROVES
INVESTEES PERFORMANCE



© AlphaMundi Foundation

"This TA really helped the company a lot because we gained a lot of credibility with women microentrepreneurs in our business. We helped them get rid of their pain points in their sales process."

- G-SEARCH Technical Assistance
SME Recipient

AlphaMundi Foundation (AMF) is a 501(c)(3) nonprofit providing structured blended finance to investees operating in Africa and Latin America in the renewable energy, financial inclusion, and sustainable food and agriculture sectors. The Foundation sees investing with a gender lens as not just an approach that brings social benefits, but a financially-sound business decision. Evidence from their participation in the [G-SEARCH program](#) has shown that intentionally prioritizing gender inclusion throughout the investment lifecycle leads to stronger business outcomes.

BUSINESS FOCUSED GENDER TECHNICAL ASSISTANCE

- Under the G-SEARCH program, eight AlphaMundi Group investees were supported with gender technical assistance that focused on both internal and external strategies.
- Technical assistance included: sex-disaggregated data and analysis, providing/ improving products and services, and providing various trainings for different stakeholders.

Key insights for other impact funds discovered during its G-SEARCH participation:

1. Success of business focused technical assistance is dependent upon buy-in of investees' leadership
2. The success of different gender strategies varies by SME business model:
 - Business-to-Consumer (B2C) models capitalize better on changes to marketing and sales than Business-to-Business models (B2B)
 - Human resources adjustments are well suited for both B2C and B2B companies
3. Performing a gender diagnostic with investees is key to identify high impact TA areas since different entities will have unique challenges and opportunities

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CASE STUDY

AlphaMundi Foundation

RECOGNIZING HOW BUSINESS
FOCUSED GENDER TECHNICAL
ASSISTANCE IMPROVES
INVESTEES PERFORMANCE



"We have received so much appetite from companies that we have worked with to adopt and apply gender-based principles. We see big potential to grow. And although we want to work with more companies, there are challenges to providing tailored support to and for numerous companies at once."

– AlphaMundi Foundation

KEY BUSINESS IMPACTS OF TARGETED GENDER TECHNICAL ASSISTANCE

- Investees increased their market size and client retention for women suppliers and customers after gender market research revealed biased recruitment policies, unequal commission structures, and incorrect assumptions about women customers' preferences, which were inhibiting their participation.
- Several investees were able to unlock additional gender-lens investment or received greater interest from funders due to their strong commitment to gender equality.
- Investees experienced increased employee loyalty that has led to higher staff retention, stronger business performance, and a greater likelihood of staff becoming brand advocates.
- Positive workplace cultures with enhanced staff engagement and increased number of female employees.
- Improved employee knowledge and skills development, which can strengthen overall revenue earned.
- Formalization of gender commitment by senior leadership.

CHALLENGES TO DELIVERY OF BUSINESS-FOCUSED GENDER TECHNICAL ASSISTANCE:



Investees lack technical expertise or funding to hire gender equity strategists



Investees do not recognize business relevance of gender and lack commitment



Impact funds lack funding to scale tailored gender technical assistance to investees



Investees lack awareness of societal barriers (e.g. beliefs or expectations) that relegate women to certain roles within leadership (internally) or as customers (externally)

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CASE STUDY

Fundación Espoir, Ecuador

THE IMPORTANCE OF GENDER TECHNICAL ASSISTANCE



© Fundación Espoir

A leading microfinance institution (MFI) in Ecuador, specializing in supporting microentrepreneurs with credit health and education services, with a customer base that is 73% female. The MFI received technical assistance through the G-SEARCH program supported by Value for Women since 2020.

BUSINESS CHALLENGES

During the COVID-19 pandemic, the Ecuadorian MFI experienced challenges with:

- 1 High customer attrition rates
- 2 Stalled new customer recruitment
- 3 Concern that shifting to digital delivery channels would disadvantage female group loan clients due to low digital access & capacity

TOOLS & PROCESSES

AMF and Value for Women supported Espoir to:

Conduct market research to better understand the preferences of existing female clients (individual and group) and to understand why they were becoming inactive

SOLUTION

Based on feedback from customer research with women group clients and a gender diagnostic, Fundación Espoir:

- 1 Adjusted its internal processes to include gender-inclusive performance management system
- 2 Rolled out its e-learning platform to all clients, including female group clients; included women-focused content to resonate with this audience

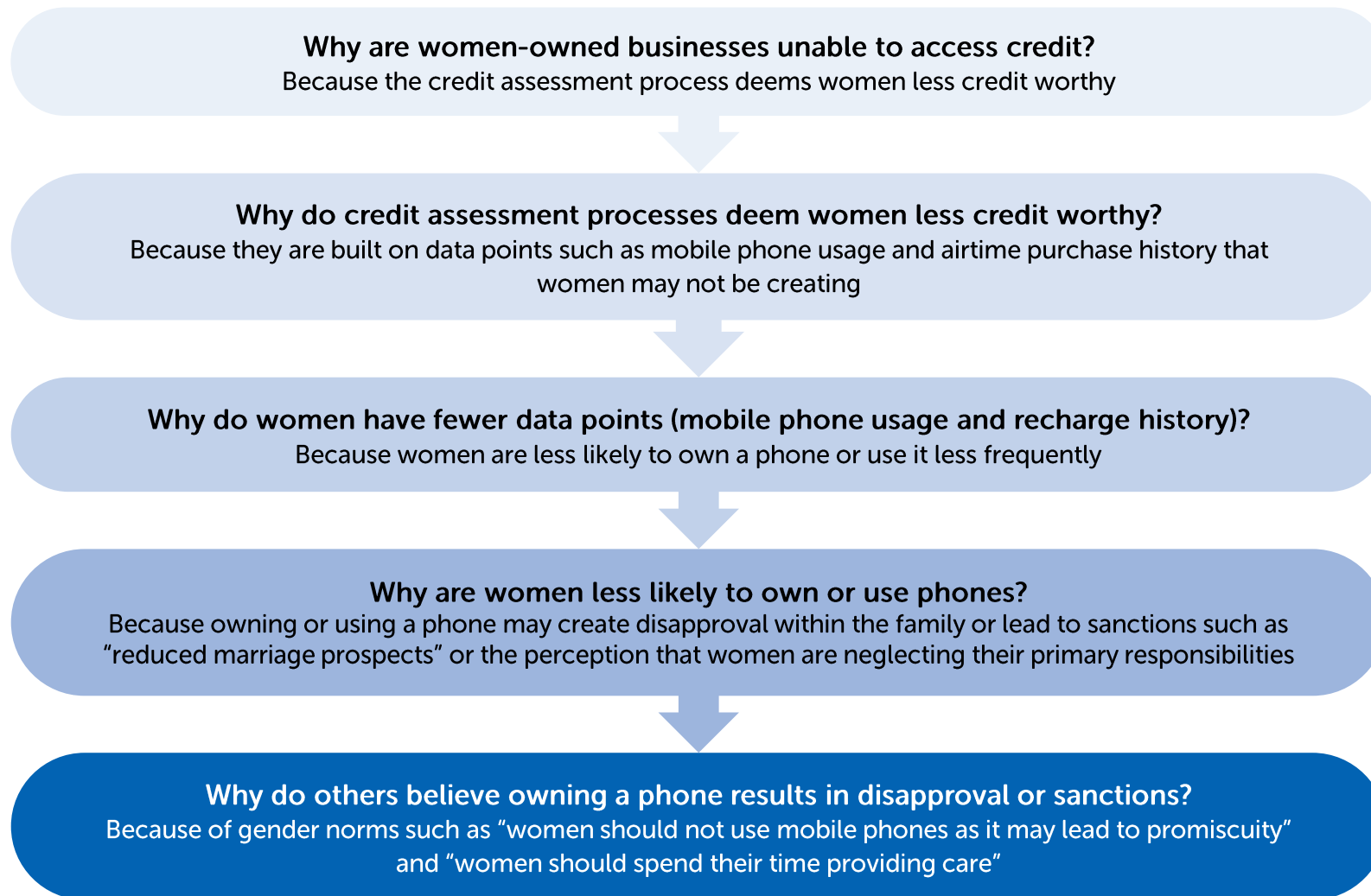
BIGGEST REVELATION

Espoir found their understanding of rural group women clients' digital capabilities and access was incorrect and contrary to national trends: Existing rural women group loan clients were not only digitally capable, but also very interested in using digital channels to access business and finance advice, especially during the pandemic. **As of September 2021, female group member clients were 47% of e-learning platform users.**

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The BEAM Exchange's 5 Whys Analysis

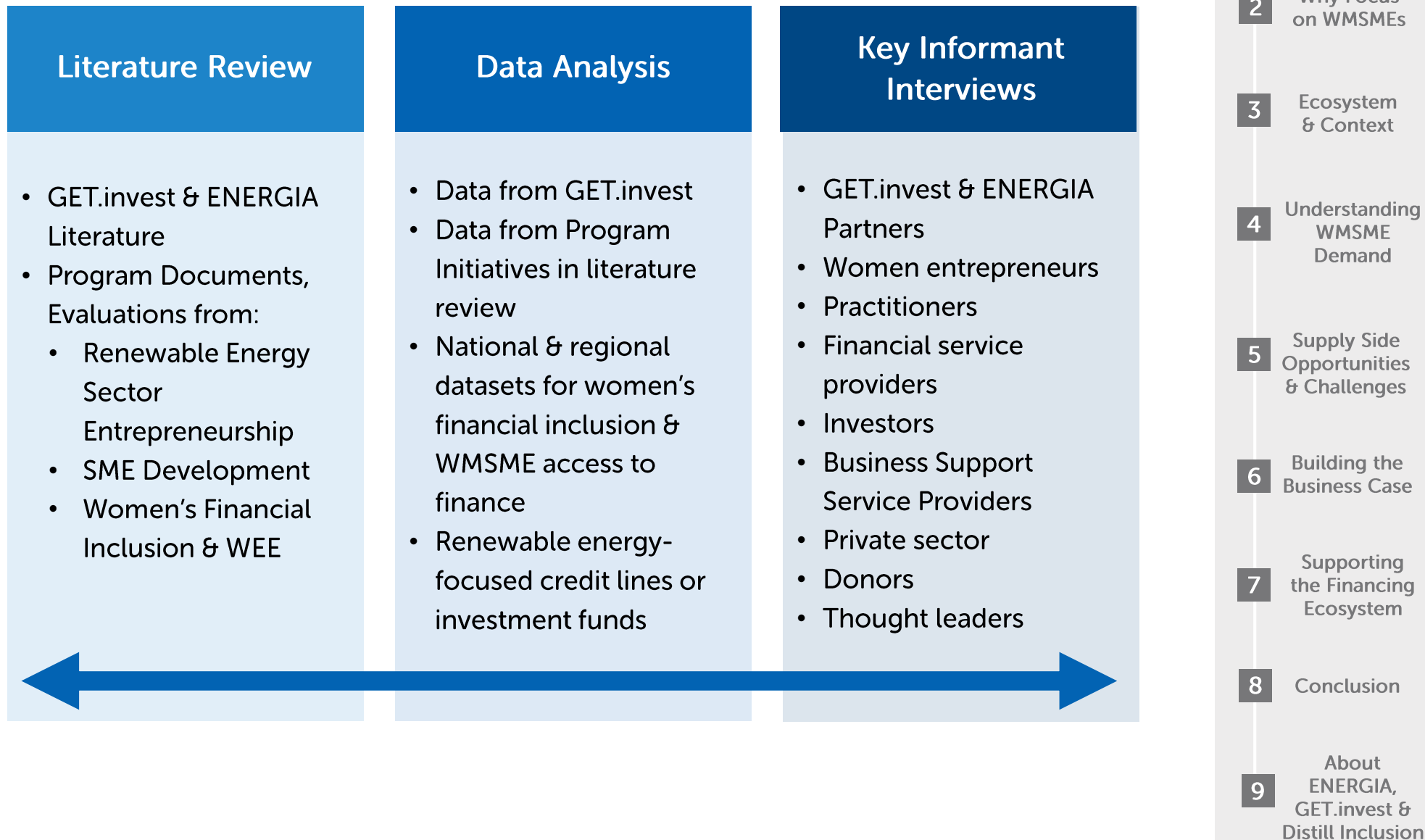
[5 Whys Analysis](#) asks a series of “why” questions to help uncover the root causes of a problem. The example below shows how 5 Whys Analysis can help to inform a deeper understanding of why women-owned businesses are unable to access credit.



Source: [CGAP Addressing Gender Norms to Increase Financial Inclusion: Designing for Impact](#) p. 11.

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Research Methodology



Key Research Questions



Understand WMSMEs in last mile renewable energy value chain

- What are the gaps/needs of women-led MSMEs regarding accessing relevant and applicable finance, such as credit or working capital?
- Where do women-led MSMEs obtain their information about financing options?
- What types of non-financial services are in highest demand from WMSMEs? Why?



Assess the needs, challenges, & successful models of financing WMSMEs in RE value chain

- What are the key components to successful strategies employed by organizations, financial institutions, and businesses?
- If there are no successful or replicable strategies, what are the incentive gaps to encouraging further investment in refined financing strategies to serve various WMSME segments? How do financial institutions make decisions regarding how/when to serve new target markets?
- How have more inclusive finance models, such as PAYGO, served WMSME segments?
- What are the most important elements of the business case for FSPs successfully serving WMSMEs in the sector?
- For those not active in the sector, what are the missing elements of the business case?



Understand the complexities of financial ecosystem players, market dynamics & decision points

- What are the key requirements to access existing financial products? Are these requirements challenging for some, most, or all WMSMEs to attain?
- Which types of financial services and support packages are needed to allow more WMSMEs to participate and grow in the sector?
- Which informative case studies and practical tools can help financiers in the OGS sector to recognize the business opportunity to serving WMSMEs? Do they include adjusting pipeline development, refining financial products, or non-financial service offerings?
- Are there trends in the market conditions for successful or unsuccessful interventions/business models?

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