A Business to Call Her Own: Identifying, Analyzing and Overcoming Constraints to Women's Small Businesses in Latin America and the Caribbean

Jennifer Powers and Barbara Magnoni
EA Consultants

April 2010

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Multilateral Investment Fund
Member of the IDB Group

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Publication of the Inter-American Development Bank, April 2010.

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Multilateral Investment Fund (FOMIN)
Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577

E-mail: mifcontact@iadb.org
Website: www.iadb.org/mif

Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library

Powers, Jennifer.
A business to call her own : identifying, analyzing and overcoming constraints to women's small businesses in Latin America and the Caribbean / Jennifer Powers, Barbara Magnoni.
p. cm.
Includes bibliographical references.
1. Businesswomen—Latin America. 2. Women-owned business enterprises—Latin America. 3. Small business—Latin America. I. Magnoni, Barbara. II. Multilateral Investment Fund (Inter-American Development Bank). II. Title.
HD2346.L29 P69 2010

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WOMAN WORK

By Maya Angelou

I've got the children to tend
The clothes to mend
The floor to mop
The food to shop
Then the chicken to fry
The baby to dry
I got company to feed
The garden to weed
I've got shirts to press
The tots to dress
The can to be cut
I gotta clean up this hut
Then see about the sick
And the cotton to pick.

Shine on me, sunshine
Rain on me, rain
Fall softly, dewdrops
And cool my brow again.

Storm, blow me from here
With your fiercest wind
Let me float across the sky
'Til I can rest again.

Fall gently, snowflakes
Cover me with white
Cold icy kisses and
Let me rest tonight.

Sun, rain, curving sky
Mountain, oceans, leaf and stone
Star shine, moon glow
You're all that I can call my own.

Acknowledgments

This report was prepared and compiled by EA Consultants and commissioned by the Multilateral-allnvestment Fund (FOMIN), member of the Inter-American Development Bank Group (IDB), with financing from the Sida (Sweden) – IDB Partnership Trust Fund.

It was co-authored by Jennifer Powers and Barbara Magnoni with the invaluable assistance of Julia Brown, Isabel Creixell, and Nikita Ramchandani. We also recognize the support received from Global Research in Colombia, DATUM International in Peru and Alva in Nicaragua in organizing and helping implement the focus groups and interviews with entrepreneurs in these countries.

The authors would like to thank the management and staff of the microfinance institutions that participated in our in-depth case studies: Bancamía, Colombia; Fundación Génesis Empresarial, Guatemala; and MiBanco, Peru. Without your openness in sharing your data, your experiences and your time, this report would not have been possible. We would also like to thank the management and staff of the following organizations for taking part in our interviews, surveys and data collection and for allowing us access to your clients: ECOFUTURO, Bolivia; Fassil, Bolvia; FIE, Bolivia; Fundación Agrocapital, Bolivia; PRODEM, Bolivia; Fundación Mario Santo Domingo, Colombia; Fundación Mujeres de Exito, Colombia; Oportunidad Latinoamerica, Colombia; FondeSol, Guatemala; Banco Promerica, Guatemala; Banco G&T Continental, Guatemala; FINCOMUN, Mexico; ProCredit, Nicaragua; Agora Partnerships, Nicaragua; FODEM, Nicaragua; Pro Mujer Nicaragua; Pro Mujer Perú; AMEP, Perú; and Pro Mujer International.

The authors also appreciate the contributions and support of Svante Persson and Sergio Navajas from the FOMIN during the research process as well as the guidance received from the following practitioners and experts: Amanda Bullough and Kellie Kreiser of Thunderbird School of Management, Nieves Amanda Melo de Ardila from the Consejería Presidencial para la Equidad de las Mujeres de Colombia, Caterina Meloni of the International Finance Corporation, Inez Murray and Miguel Arvelo of Women's World Banking, Fernando Prado from ASOFIN, Nicole Rossell FOMIN Specialist in Guatemala, and Elvis Alva from Opportunity International.

Finally, we would like to thank the women entrepreneurs themselves, who welcomed us into their homes and businesses and candidly shared with us their stories of success and hardship.

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Acronyms and Abbreviations

ACCION	ACCION International
ASOFIN	Asociación de Entidades Financieras Especializadas en Micro Finanzas de Bolivia (Association of Financial Entities Specialized in Microfinance of Bolivia)
ASOMIF	Association of Nicaraguan Microfinance Institutions
CGAP	Consultative Group to Assist the Poor
CIA	Central Intelligence Agency
DANE	Departamento Administrativo Nacional de Estadística -Colombia (National Bureau of Statistics -Colombia)
EA	EA Consultants
EDPYMES	Entidades de Desarrollo de la Pequeña y Micro Empresa (Small and Micro Enterprise Development Entities)
EIU	Economist Intelligence Unit
FFP	Fondos Financieros Privados (Private Financial Fund)
FOMIN	Multilateral Investment Fund
GDP	Gross Domestic Product
GGGI	Global Gender Gap Index
GEM	Global Entrepreneurship Monitor
G & T	Banco G & T Continental
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILO	International Labor Organization
INE	Instituto Nacional de Estadística- Guatemala (National Institute of Statistics -Guatemala)
INEGI	Instituto Nacional de Estadística y Geografía México (National Institute of Statistics and Geography- Mexico)
INSS	El Instituto Nicaragüense de Seguridad Social (Nicaraguan Social Security Institute)
LAC	Latin America and the Caribbean
MENA	Middle East and North Africa
MFI	Microfinance Institution
MIDAS	Más inversión para el desarrollo alternativo sostenible Colombia (Additional investment for Alternative Sustainable Development - Colombia)
MIX	The Mix Market (www.mixmarket.org)
NBFI	Non-bank Financial Institution
NFWBO	National Foundation for Women Business Owners
NGO	Non Governmental Organization
OECD	Organization of Economic Co-Operation and Development
REDCAMIF	Red Centroamericana de Microfinanzas (Central American Microfinance Network)
ROSCA	Rotating Savings and Credit Association
SENA	Servicio Nacional de Aprendizaje - Colombia (National Apprenticeship Service - Colombia)
SME	Small or Medium Enterprise
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
USDS	United States Department of State

I. Executive Summary

Women's small businesses are seen as especially critical to the social fabric of developing countries as women are more inclined to use their income for the education, health and wellbeing of their families and communities. Yet, despite women's increased economic participation in both developed and developing countries over the last half century, women are underrepresented among business owners, and their businesses tend to be smaller and slower growing than men's. There is a small but growing body of literature exploring the factors that promote women's entrepreneurship and the gender-specific challenges and constraints women face when starting and growing their businesses. However, this literature is largely focused on OECD countries. There is little documenting the most common and difficult challenges women entrepreneurs face in developing countries, especially in Latin America. This study provides an overview of the status of women's businesses, focusing on microenterprises, which represent the majority of these businesses in the region. It presents key quantitative and qualitative data for six countries in Latin America: Guatemala, Nicaragua, Colombia, Bolivia, Mexico and Peru. Through a series of case studies, it explores the differences between men's and women's businesses in these countries and the main barriers women face as they start and grow their businesses. Special emphasis is given to the role of access to financial services and to how the growth and development of the microfinance industry in Latin America has supported women microentrepreneurs.

Our research identified key barriers to women's businesses globally and evaluates the degree to which they constrain women's business growth in Latin America. These barriers include a lack of access to financial products and services, risk aversion, social conventions, family responsibilities, education and training and technology. For women microentrepreneurs in Latin America, the growth of the microfinance industry in the region over the last three decades has provided them with far more equitable *access to finance* for their businesses than it did in the past. Women have proved themselves to be reliable borrowers with stronger repayment rates than men, further raising their profile vis-à-vis microfinance institutions (MFIs) and other financial institutions. However, our case studies reveal that capital is still a major growth constraint for many female entrepreneurs in Colombia, Guatemala, Nicaragua and Peru. MFIs have helped increased women's access to short-term loans that meet their working capital needs, but they have been less successful at developing products that meet women's investment capital needs, which would support the long-term growth and expansion of their businesses. As women entrepreneurs are still less likely than men to be clients of traditional banks (who offer longer term and larger loans), this affects them more.

Savings can be an alternative source of capital for business expansion, such as the purchase of additional market space or diversification into another business. However, our research in Nicaragua, Bolivia, Mexico and Peru showed that women generally have lower savings levels, in part because their business profits are smaller. This limits their ability to use savings to grow their businesses. Even though women are more likely to save than men, they are also more likely to use their savings to smooth their cash flow and cover household expenses when times are bad, while men are more inclined to invest their savings in their businesses.[1] Over the course of our research, women noted that one reason they do not save, and especially not with traditional banks, is that the transaction costs are too high, eroding gains from savings.

Our findings indicate that although microfinance has helped empower women and boost their self-esteem, women microentrepreneurs show *risk aversion* that may be constraining their business growth. Women, especially in lower income segments, may be more cautious regarding

[1] Chebair and Reichman (1995) found that women were more inclined to use savings for basic everyday needs (including labor and time-saving appliances), 43% versus 39%, and less likely to invest savings in their businesses that men, 13% versus 19%.

the amount of financial and business risk they are willing to take on. This can prevent them from taking advantage of opportunities that might allow them to expand their businesses (such as moving their business out of their home or committing to hiring reliable full-time employees). They are also more likely to grow their businesses horizontally rather than vertically. While these strategies may constrain business growth, they are wise given the high propensity of women's businesses to fail in the first three years. Strategies to address risk aversion should target more than empowerment, focusing on improving the viability of women's businesses to reduce their risks.

Although ***social conventions*** in Latin America no longer dictate that a women's place is *only* in the home, they do largely dictate the roles and responsibilities of men and women in the household and in the family unit. They can also influence the type of business she opens. As seen in Peru, Guatemala and Mexico, women business owners are more likely than men to work in the commerce sector, where margins are significantly lower than in services or manufacturing. Our case studies reveal that services businesses are generally more profitable than commerce businesses, thus, helping women to switch into services businesses (through retraining and investment) may be one way to boost their profits in the long-term.

Family responsibilities continue to be a major constraint to women's entrepreneurship in Latin America as traditional gender roles still dictate that men are the primary breadwinners, while women have primary responsibility for the household and childrearing. In actuality, women often also work to supplement household income. In the case of a growing cadre of single mother headed homes, they are both breadwinners and caregivers. Our research in Colombia, Peru, Mexico and Nicaragua illustrates that the need to balance these dual roles can influence women's decisions regarding the type and location of her business and the amount of time and money she can dedicate to it. Women are more likely to invest in their children's education than in the growth of their business, for example. Women's "double day" also has implications for offering products, services or interventions that may take time away from the home. Women may be more amenable to acquiring financial services offered with conveniences such as mobile banking, or debit cards. However, focus groups with female clients of Pro Mujer Nicaragua as well as Pro Mujer Peru, reveal that women rated health training courses as highly valuable, despite the fact that these took place every two weeks and took over two hours.[2] This suggests that training may attract women microenterprise owners if it is truly valuable to them.

Education and training continue to be a barrier to women's business growth. Gender differences in educational attainment rates in Latin America have been largely eliminated over the last 20 years. In fact, education levels among women and men in both informal and formal business in many Latin American countries are quite high, in particular in higher income countries and urban settings. In Guatemala and Bolivia, especially in rural areas, there are still large gender gaps in educational attainment and literacy. Nevertheless, women are less likely to have had prior on-the-job training than men. They generally enter commerce rather than services, for example, because the skills required to start a small commerce business are minimal and relatively easy to learn, whereas services businesses often require one to have a relatively unique skill or knowledge, such as how to repair cars, electronics or cut hair. Female entrepreneurs in Latin America could benefit from a range of training. Our case studies reveal a need for business training including financial education and money management, bookkeeping, costing and accounting skills, technical or "how to" trainings and empowerment and self-esteem trainings. The types of training needed differ not just by country but also by income level and business type.

Global literature points to evidence that women are less likely to introduce new *technology* into their businesses than men, which means that they are also less likely to enjoy the benefits and efficiencies that these technologies can bring (Sabarwal and Terrell 2008, Weeks and Seiler

2 Focus group interviews held in Nicaragua in 2007 and Peru in 2009 by EA Consultants for Pro Mujer.

2001, Ruminska-Zimny and Elias 2004). In our research, we were unable to explore with any rigor whether women are more or less inclined to integrate technology into their businesses and the corresponding impact this may have on their growth and efficiency. In general, women associated technology with low tech improvements in their businesses including more productive machines (fryers, refrigerators, etc.), as much as with high tech solutions related to cellular phones, internet and payments systems.

POLICY IMPLICATIONS AND RECOMMENDATIONS

The research findings suggest that while women are not significantly contributing to business growth in Latin America as compared to men, they are contributing to the social and economic welfare of their families. Women's reinvestment of their income into their households is an important contribution to the social fabric of a developing country and is often the reason that microfinance is well received by donor and private sector investors alike. This highlights a contradiction in the parallel goals of encouraging women to reinvest in their businesses to help them grow and lending to women because of their investment in their families. Policy interventions should seek to improve the growth potential and profitability of women's businesses in order to allow them to both reinvest in their households and contribute to the economic growth of their communities through their businesses. Stakeholders such as policy makers, donors, and MFIs, among others, can play an important role in helping overcome the barriers female entrepreneurs face in Latin America, beginning with close monitoring and evaluation of access to financial services and the impact of these services on women and their businesses.

Our research found that there are important differences not only in the type of financial access available to men and women entrepreneurs, but also in how women and men use financial products, indicating that there is room to develop financial products specifically tailored to the needs of women. Financial products and services should be wary of placing excessive burdens on women, while facilitating financing schemes. Business expansion loans with lower interest and longer terms could enable women to graduate their microenterprises to small enterprises. Contractual savings can help women set money aside for important uses such as education. Institutions should offer and encourage men to contribute to contractual savings products for education to reduce the burden on the woman for these responsibilities. Insurance products can help women manage their risks without the need to dip into savings in the face of costly events such as death or illness.

Stakeholders can support female entrepreneurship by recognizing the critical role training can play in their business development and taking this into consideration in their project development and investment decisions. Further efforts should be made to develop and offer business administration and technical trainings for women entrepreneurs. In the past, reticence over training was related to limited proof of its value as well as the costliness of these models. Stakeholders should support the development and testing of new models for training delivery that aim to reduce training costs while helping to fit training opportunities into women's busy lives. Finally, stakeholders should support organizations that offer educational opportunities that seek to address social conventions and gender- based perceptions of family responsibilities to encourage a more equitable division of family responsibilities.


access

II. Introduction

Women's economic participation in both developed and developing countries has increased dramatically over the last half century. This growth has been prompted by a multitude of factors including the dramatic growth in global labor markets that propelled demand for women's labor, the development of oral contraceptives, social movements that brought to light discrimination in the realms of work and family, and a subsequent institutionalization of women's political and economic rights (particularly in developed countries). Women now represent more than half of graduating university students in the United States, Colombia, Estonia, Uruguay, and Hungary, among others, and more than half of the workforce in many OECD countries. Women's contribution to economic growth and private sector development has been documented by numerous studies, and is considered critical for many developing countries. Despite these advancements, women worldwide are still underrepresented in senior management positions and top government posts, and are often paid less than their male counterparts for similar jobs. They are also underrepresented among business owners, and their businesses tend to be smaller and slower growing than men's.

Small businesses are considered to be a major contributor to growth in developing countries. Women's small businesses in particular are seen as especially critical to the social fabric of developing countries as women are more inclined to use their income for the education, health and wellbeing of their families and communities. Their participation in business leadership is also highly correlated to GDP growth (Bullough 2008). Thus, ongoing gender gaps in business leadership and income limit greater achievements of development objectives and potentially threaten long term sustainable development.

There is a small but growing body of literature exploring the factors that promote women's entrepreneurship and the gender-specific challenges and constraints women face when starting and growing their businesses. However, this literature is largely focused on OECD countries. There is little documenting the most common and difficult challenges women entrepreneurs face in developing countries, especially in Latin America. As a region, Latin America has one of the highest rates of entrepreneurial activity, 21% compared to 12.2% in other low/middle income countries in Asia and Europe and 7.9% in high-income countries (Allen et al 2008). Women's businesses in Latin America are dynamic contributors to their countries' economies. A study conducted by the National Foundation for Women's Business Ownership (NFWBO) found that the percentage of women entrepreneurs in a given country can explain up to 19% of a change in the country's GDP in Latin America (Weeks and Seiler 2001). Yet women's businesses face significant constraints. Latin America has one of the highest failure rates for women owned businesses, making it even more critical to understand what interventions can best support female entrepreneurs (Allen et al 2008).

This study provides an overview of the situation for women entrepreneurs, including key quantitative and qualitative data, in six countries in Latin America: Guatemala, Nicaragua, Colombia, Bolivia, Mexico and Peru. Given that the majority of female entrepreneurs in Latin America operate micro and small businesses in the informal sector, this study is focused on this segment of the population and the challenges specific to them. Through a series of case studies, it explores the differences between men's and women's businesses in these countries and the main barriers women face as they start and grow their businesses. Special emphasis is given to the role of access to financial services and to how the growth and development of the microfinance industry in Latin America has supported women entrepreneurs. The study also seeks to identify other interventions that promote women's entrepreneurship and to define indicators which donors, policy makers and other stakeholders can use to measure the impact on women of future development projects.

> *"Gender equality and the empowerment of women [through entrepreneurship development and gender mainstreaming] in the countries of the 'bottom billion', where people live on less than a dollar a day, are not only crucial components in the fight against poverty, hunger and disease but also key for effective and sustainable industrialized development."*
>
> *Kandeh K. Yumkella, UNIDO Director-General*

III. Research Methodology

The objective of this study is to analyze the situation for women entrepreneurs in Latin America and the main barriers they face when starting and trying to grow their businesses. It is designed to broaden the body of literature on female entrepreneurship in Latin America and inform the Inter-American Development Bank/Multilateral Investment Fund (IDB/FOMIN), other donors, policymakers, and other stakeholders so that they can better position and design their interventions in this area. Between July 2009 and February 2010, EA Consultants collected and compiled key quantitative and qualitative data on women entrepreneurs in six countries in Latin America: Guatemala, Nicaragua, Colombia, Bolivia, Peru, and Mexico. This list of countries was selected in conjunction with the IDB/FOMIN based on their development priorities and to ensure the representation of countries from both Central and South America with a variety of socio-economic, cultural and financial access profiles. We collected information through a combination of primary and secondary source desk research, data analysis, telephone and in-person interviews with practitioners, individual and focus group interviews with entrepreneurs and a mini-survey of financial institutions.

While covered briefly in the literature review, this study does not seek to explain the reasons why women are or are not starting their own businesses; rather it is focused on exploring what gender differences in business size and growth persist in Latin America and the factors which contribute to a woman's success or failure once she has started a business. Special emphasis has been given to how male and female entrepreneurs' access to and usage of financial services varies. The bulk of the research and information presented focuses on informal microenterprises, rather than small and medium enterprises (SMEs) or large enterprises. This decision was made based on the development objectives of the IDB/FOMIN as well as on the relative availability of gender disaggregated information. We recognize that the challenges faced by women microentrepreneurs may differ from those of SMEs and seek to point out these differences where applicable. The case studies seek to identify what differences exist between men's and women's businesses in Latin America and to determine which gender specific constraints to entrepreneurship are most relevant in Latin America.

The key components of our research include:

Literature Review: We conducted a desk study of existing literature on the performance and characteristics of women owned businesses and constraints to their growth. Given the limited material available on this subject, we looked at global studies for OECD and developing countries as well as studies specifically focused on Latin America.

Census Data Review: We gathered a series of gender disaggregated data for the six countries from national statistics institutions, country census and other global sources, such as UNESCO and ILO. This data was used to compile a country gender equity profile for each country that focuses specifically on women's participation in the workforce and women's business ownership. We also looked at women's access to finance in each of these countries, gathering data from the Mix Market (MIX), CGAP and other industry resources.

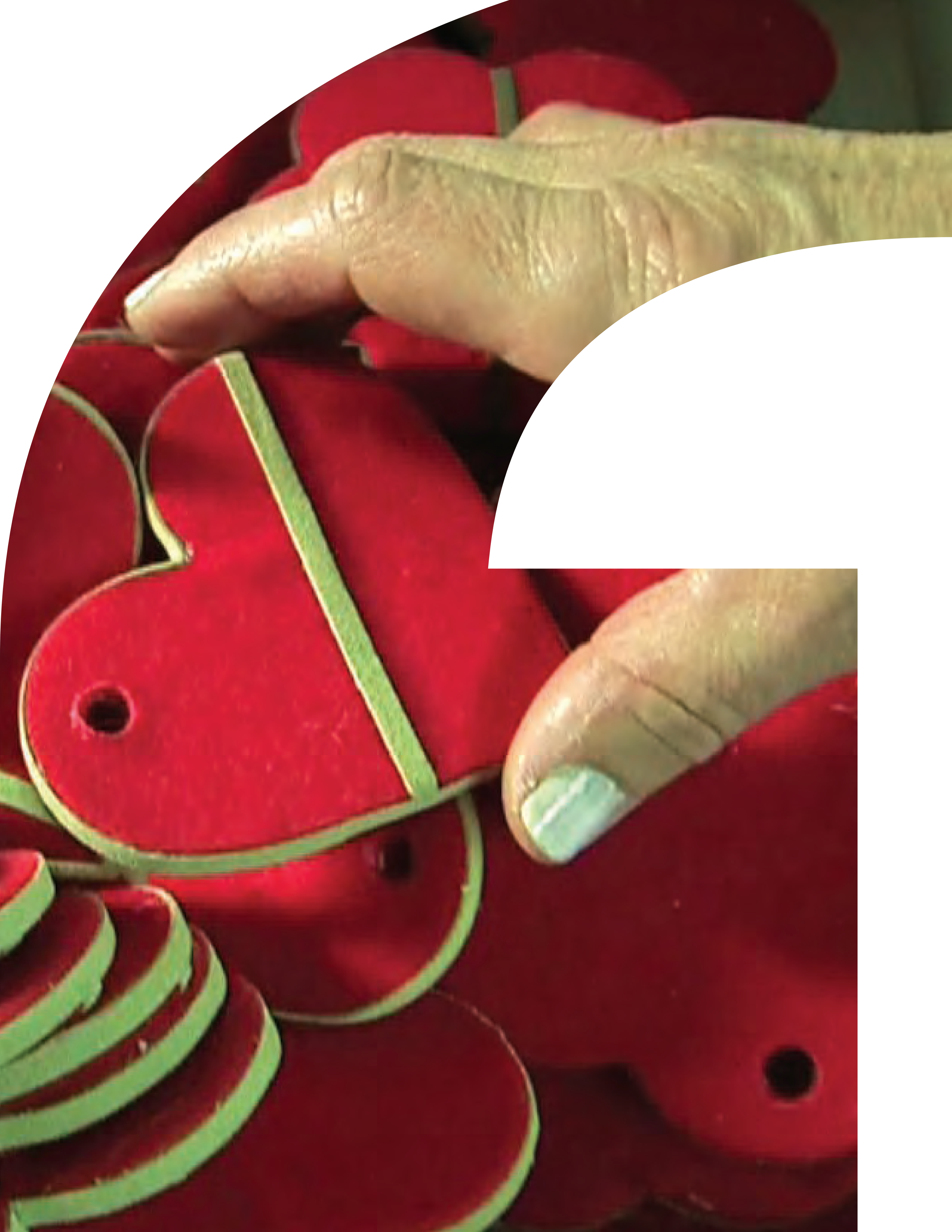
Interviews: We complemented the desk research with the collection of primary information in country. We interviewed relevant actors including private and public institutions, donors, financial institutions, NGOs, training institutes and most importantly women entrepreneurs themselves. In Bolivia we also conducted a mini-survey of regulated financial institutions engaged in providing financial services to micro and small enterprises.

Case Studies: To validate the findings of the desk research and interviews, we also conducted four in-depth case studies in Colombia, Guatemala, Peru and Nicaragua. In each country we indentified a group of micro and/or small businesses for which owner and business level data was available, analyzed this data and conducted focus groups or individual interviews with a sampling of these business owners. (Additional detail on the methodology used in each country is included in the case studies in Section VI).

One of the major challenges to any research on female entrepreneurship is that there is very limited gender disaggregated enterprise level data available in most developing countries, especially at the microenterprise level as these businesses are generally informal. Our case study approach allowed us to overcome this challenge by tapping into preexisting databases of financial institutions targeting microenterprises and past research. However, this in turn presented its own limitations:

- First, in none of the case studies are the samples truly representative of the total population of microenterprises in the country. In Nicaragua, the sample is limited in its geographic and sector distribution. In Colombia, Guatemala, and Peru the samples are skewed based on the geographic coverage, sector distribution, and target clientele of the Microfinance Institutions (MFIs) with whom we collaborated. Moreover, in these three countries, the samples include only those businesses that already have access to some kind of external source of capital. Our assumption is that any biases in the data will be the same for men and women, which is why we focus on identifying differences between men's and women's businesses in the samples, rather than simply on the characteristics of women's businesses.
- Second, we were not able to look at longitudinal data to determine how men's and women's businesses may be growing and changing over time. Our case studies provide a snapshot of how men and women's businesses differ but do not allow us to observe trends in whether these gender gaps are increasing or decreasing over time, nor whether women's and men's businesses exhibit different growth patterns.
- Third, our researchers did not control the data collection process. As a result, it is potentially imperfect; subject to human input errors, incomplete data and perhaps dated if loan officers do not update all client information upon loan renewals. Moreover, the data is not the same across all four countries, so there may be variations in the definitions of economic sectors or income figures, for example. This has also required us to use several proxies during the analysis process. For example, in Colombia and Peru we use sales figures to identify gender differences in business size across economic sectors, but in Guatemala and Nicaragua we have very limited sales figures, and thus use differentials in loan sizes as a proxy for differentials in business sizes.

The remainder of this paper is divided in five sections. Section IV briefly reviews the global literature and identifies six key constraints for women owned businesses. Section V provides an introduction to gender equality and female entrepreneurship in Latin America. Section VI contains the main results of our research, including country level data on women entrepreneurs and in-depth case studies that seek to validate the findings of the global research in Latin America. Finally Sections VII and VIII provide a synthesis of the findings and policy recommendations for the IDB/FOMIN, policy makers and other stakeholders on how they can better promote female entrepreneurship in their projects.



IV. Gender Specific Constraints to Entrepreneurship: A Global Framework

According to the 2007 Global Entrepreneurship Monitor (GEM)[3] report, women are 36% times less likely to be involved in an entrepreneurial activity than men worldwide. Moreover, in none of the 41 countries studied by GEM, were women more likely to have an established business than men, despite women being as active in the workforce in several of the more developed countries. The report also found that there were significant differences in the degree of women's entrepreneurship between countries and regions. Low-middle income countries in Latin America showed the highest levels of entrepreneurial activity amongst women, while high income countries showed the lowest (Allen et al 2008). Several studies have sought to explain variations in women's entrepreneurial activity, looking at factors such as the business environment, economic environment, overall societal development, technology and infrastructure, political freedom and cultural and social norms. In recent research conducted by Amanda Bullough (2008) higher levels of female entrepreneurship were generally found in countries with a "modernizing," globally competitive and more transparent business environment.[4] Countries without severe health and educational deficiencies, and higher degrees of technology adoption and infrastructure development, were also more likely to have higher levels of female entrepreneurship. However, these are all factors correlated with higher levels of overall entrepreneurship and economic activity. The factors found to have a different impact on women than men are cultural factors, such as future orientation and gender egalitarianism, which are positively correlated with female entrepreneurship; and religiosity, which is negatively correlated. In addition to these environmental factors influencing overall levels of entrepreneurship in a country, factors such as fear of failure, personal income and previous employment experience can influence an individual woman's decision to start her own business (Elam 2006, Allen et al 2008, Weeks and Seiler 2001).[5]

Not only do the rates of female and male entrepreneurship differ, the characteristics of men and women's businesses also differ. On a global level, Restrepo and Reichmann (1995), as well as Sabarwal and Terrell (2008) found that women's businesses tend to be smaller than men's in terms of sales levels and number of employees. They are generally younger than men's businesses and more likely to be in consumer-oriented sectors such as small commerce and personal services (Allen et al 2008, Rhyne and Holt 1993, Riding and Swift 2002).[6] These businesses are often easier to start up because they are less capital intensive and, in the case of commerce businesses, require a relatively minimal skill-set. However, they are also likely to have lower profit margins than businesses in male-dominated sectors such as manufacturing and business services. Businesses in the commerce and services sector are also among the most likely to fail (Allen et al 2008). A study by Greg Hundley in 2001 showed that the industry a woman worked in explained between 9-13% of earnings differentials between self employed men and women because women are heavily concentrated in personal services, and underrepresented in the more lucrative professional services and construction industries.

Some studies have also found that women's businesses take longer to consolidate, have lower growth rates and higher failure rates than men's (Allen et al 2008, Sabarwal and Terrell 2008, Restrepo and Reichmann 1995, Rosa et al 1996, Downing 1990, Rhyne and Holt 1993, Riding and

3 GEM is a not-for-profit academic research consortium that has as its goal making high quality international research data on entrepreneurial activity readily available to as wide an audience as possible. GEM is the largest single study of entrepreneurial activity in the world.

4 Similar results also found in Farid (2007), Weiss (1998), White (1984) and World Bank (2007 & 2008).

5 ELAM (2006) found that fearing business failure decreased the odds of being a nascent entrepreneur by 70% overall, and an additional 25% for women (net of other factors). Being in the upper third of the national income distribution significantly increased the odds of being a nascent entrepreneur by 41% for women.

6 Allen et al (2008) study found that 60.3% of women and 37% of men operated consumer-oriented businesses.

Swift 2002).[7] The reasons for this are not well understood and there have been contradictory findings in the literature depending on the region and the country of study. Many of the challenges women entrepreneurs face are the same as those faced by male entrepreneurs, such as cumbersome registration procedures, difficult business and economic environments, or limited access to capital; although women may be affected differently by these factors. Women also face many largely gender specific challenges such as the need to balance their business and family responsibilities, especially childrearing. Below we provide a consolidated list of some of the common constraints faced by women entrepreneurs in OECD and developing countries identified in the literature.

A. ACCESS TO FINANCE

Access to start-up and ongoing capital is essential to the success of any business, and one of the greatest challenges faced by male and female entrepreneurs worldwide. Even in OECD countries with developed financial sectors, entrepreneurs often struggle to find sufficient capital to meet their working capital and investment needs. In both developed and developing countries women generally have smaller capital bases than men to start their businesses, and less access to external financing than men (Sabarwal and Terrell 2008, Watson 2002, Coleman 2007, and Carter and Rosa 1998).[8] Low levels of start-up capital can dictate the type of businesses women enter into, often confining them to less capital intensive, low growth and low-margin sectors. One of the main reasons women have smaller capital bases is because they often have not had a wage earning job in the past that would allow them to save up seed capital for their own business. In many cultures they are also likely to turn their earnings over to their husbands or other male family members (Mayoux 1995). Lack of access to finance on an ongoing basis can limit women's ability to grow their businesses and to take advantage of new business opportunities they identify.

There are several reasons why women business owners may find it more difficult than men to access external financing. In 1995 UNIDO found that, on the supply side, women may face more difficulties in obtaining credit than men due to discriminatory attitudes of financial institutions or informal lending groups.[9] This discrimination may be involuntarily built into the credit criteria of financial institutions or may be part of bank personnel's preconceptions of women owned businesses. For example, the civil status of loan applicants may be taken into consideration and/or female heads of household may be considered more risky than male heads of household (Burbano 1994 as cited in Restrepo and Reichmann 1995). A 2006 World Bank study found that even where discrimination is not a factor, women may find it more difficult to qualify for bank loans as they are often over represented in the informal sector and their businesses are generally smaller and have fewer fixed assets to serve as collateral. This is especially true in developing countries. Women are also less likely to have personal property in their own name to use as collateral. In the past, a lack of market information on women entrepreneurs at formal financial institutions was another

[7] Restrepo and Reichmann (1995) found that for men and women of approximately the same age who had operated their microenterprises for a similar period of time, women hired 50 to 25 percent fewer employees than men.

[8] Coleman (2007) found that only 46.5% of women business owners in US had a business loans, and only 27.3% had a loan from a bank, compared to 58.9% and 39.3% of men. Carter and Rosa (1998) found that women business owners in Britain used 1/3 less external finance than men.

[9] Riding and Swift (2004) found that the collateral requirements for women's businesses in Canada seeking a line of credit from a bank were higher than those of men's businesses of a similar age, size, industry, growth rate and legal status.

supply side constraint (Weeks and Seiler 2001). On the demand side, some studies have found that historically women's demand for credit has been low relative to men's because of either a lack of information on available financing sources, greater risk aversion (see below) or a feeling that they will not quality for a loan (UNIDO 1995, Weeks and Seiler 2001).

In developing countries, micro and small enterprise owners historically had little to no access to external sources of finance (with the exception of friends, family members or informal money lenders) as traditional lending methodologies generally exclude this sector. This has improved dramatically over the last 20 to 30 years with the development and expansion of the microfinance industry. As a result, the inequality in financial access between men and women has been much reduced. MFIs have developed products which better meet the needs of low income women (i.e. small loans with flexible guarantee requirements) and have often focused their efforts entirely on women, reducing both the supply side and demand side information gaps. Microfinance has also raised women entrepreneurs' profile globally and helped to establish their reputation as more responsible borrowers with better repayment records than men, which, in turn, may be helping to reduce discrimination and preconceived notions of women owned business held by traditional banks. Bank access is important because the range of products offered by most MFIs is limited and insufficient to meet all of women entrepreneurs' financial needs. Only some MFIs take deposits, and many cap loan sizes, making it difficult for larger microenterprises or small enterprises to meet their full capital requirements.

It is important to note that most of the literature that discusses access to finance as a constraint to business growth is focused on credit as a means to finance businesses. However, lack of access to savings services may be just as critical, if not more critical, for many women business owners. Savings can play a key role in business start-up and longer-term investment needs. It can also help women to better manage large personal and household expenses such as children's school fees, health expenses, or weddings and is a critical risk management tool that can help women provision for unexpected events. Insurance services can also serve as an attractive complement for low income women to protect their businesses and assets in the face of costly events.

B. RISK AVERSION

Global literature provides evidence that women may be more risk averse than men. Taking risks is an integral part of managing and growing a business, and risk takers are both punished and rewarded for their "bets". Several studies suggest that women have more fear of their businesses failing, which may negatively affect their decision to start their own business.[10] Other country specific studies have found that even though women are more likely to express fear of failure, they are more likely to start a business than men who also express a fear of failure because they are driven to entrepreneurship out of necessity (Ali et al 2009). They are often starting businesses in positions of relative weakness or vulnerability vis-à-vis their male counterparts. Nonetheless, greater risk aversion and fear of failure may also be affecting women's ongoing investment decisions. For example, they might discourage women from applying for and taking out a loan for their business, even when they need a loan (Sabarwal and Terrell 2008, Weeks and Seiler 2001, Gospic et al 2004). Risk aversion may also affect women's labor management decisions as women tend to hire fewer and less stable employees and to tightly control overhead costs (Restrepo and Reichmann 1995). Given the relationship thought to exist between risk and reward, women's decision to take on less risk may contribute to the smaller returns exhibited by their businesses. This aversion to risk may be warranted if it has the potential to undermine their families' livelihoods, but may nevertheless

[10] Robert Hisrich and Sevgi Ozturk. (1999) found that Turkish women were less self-confident and more risk averse than men. Allen et al (2008) found in a 41 country survey that women were up to 8% more likely to express fear of failure than men; larger gender differentials were found in low and middle income countries than high income countries.

help explain why women's businesses tend to grow slower than men's. A case study conducted by Women's World Banking in 2006 with ADOPEM, a leading microfinance bank in the Dominican Republic, found that risk aversion may also lead women to seek to diversify their sources of income and grow their businesses horizontally rather than vertically, resulting in lower growth rates in individual businesses, but more stable overall profits.

C. SOCIAL CONVENTIONS

The global literature on women entrepreneurs suggests that there are persistent social conventions in many countries that influence whether or not it is acceptable for women to start their own business, as well as the types of businesses that are considered appropriate for women to operate. This may limit the kinds of businesses they can start to low-margin industries with limited growth prospects. As noted above, women are more likely to work in commerce and services industries than the more lucrative manufacturing and extractive industries, which could explain a portion of the income differentials observed between men and women's businesses (Allen et al 2008, Hundley 2001).

Another way social conventions may be constraining women entrepreneurs is that they have left women less prepared than men to start and manage their own business. In the 2007 GEM study on entrepreneurship and women, researchers found that individuals that previously had been formally employed were significantly more likely to start their own business because previous employment increases opportunities for learning, for establishing business contacts and for saving capital to start a business. Traditional gender roles in society have discouraged women from entering formal work. In some cases, discrimination of women by employers has also been influenced by traditional views of women as more suited for domestic work (Mayoux 1995). As a result, women have had fewer opportunities to learn from formal sector jobs, which can be good preparation for later entrepreneurship. An ACCION International study in 1995 confirmed that women microentrepreneurs have less professional experience than men prior to starting their enterprises, which may contribute to a longer start-up period, more uneven growth and smaller size businesses. Social conventions may also dictate whether women are readily accepted as equal counterparts in business transactions and impact the accessibility of networking opportunities (NFWBO 1999, Mayoux 1995).

D. FAMILY RESPONSIBILITIES

One of the main barriers women entrepreneurs face worldwide is the need to balance their work with home and family responsibilities, as traditional family dynamics and gender roles are still prevalent in many developed and developing world households. Such roles, especially in developing countries, typically dictate that men are primarily responsible for the economic wellbeing of the household, dedicating their time to "productive" activities, while women are responsible for the vast majority of "reproductive" activities, including cooking, cleaning, and caring for children and other dependent family members (Mayoux 1995, Restrepo and Reichmann 1995). In families with a primary male income earner, when women venture into the workforce, the perception of their household responsibilities rarely changes. For female heads of household, women have little choice but to take on both productive and reproductive activities. In very traditional cul-

> *"Even if at the societal level there is acceptance of women in business, and they are attending school, etc. women as entrepreneurs, until you are able to change the local family dynamic, women are unlikely to have equal levels of entrepreneurship [as men]."*
>
> *Amanda Bullough, Assistant Professor of Entrepreneurship, Thunderbird School of Global Management*

tures, adherence to these traditional gender roles may prevent a woman from even thinking about entering the workforce or starting her own business. This puts pressure on women to find ways of balancing their productive and reproductive responsibilities (Restrepo and Reichmann 1995).[11]

The additional family responsibilities taken on by women can negatively impact their ability to grow their businesses in several ways. First, they often influence the business decisions women make, especially in terms of the type of business to open and where to open it. Women often seek businesses that are close to the home, or that they can operate from their homes, in order to minimize travel time and better manage their dual responsibilities. They may also seek businesses which allow them to blend their reproductive and productive responsibilities, such as food preparation, or that provide for the flexibility to bring their children with them, such as market vendors (Restrepo and Reichmann 1995). The result is that women are starting businesses that are often lower margin and/or low growth businesses, and that face stiff competition. Second, women's additional family responsibilities may keep them from dedicating as much time to their businesses as men and/or reduce their mobility (Starcher 1996, St-Onge and Stevenson 2004). Studies as to whether or not this is actually the case are mixed, with several finding that women are dedicating as much time as men to their businesses and, on top of this, spending up to eight hours a day on reproductive activities (Aguilar and Espinosa 2002).[12] This has led to women working what has been dubbed a "double day" (Cebotarey 1988, Babb 1986, Nash and Safa 1986 as cited by Restrepo and Reichmann 1995). Finally, because women tend to prioritize their families and invest more of their business profits in household and education expenses, this leaves less money available to reinvest in their businesses and facilitate growth (Rhyne and Holt 1993, Miller and Clarke as cited in Downing 1990). Capital to reinvest in their businesses may also be reduced as women invest in time-saving home appliances, such as washing machines, to free up additional time for their businesses (Restrepo and Reichmann 1995).

E. ACCESS TO EDUCATION AND TRAINING OPPORTUNITIES

A major challenge for many women business owners, and for gender equality goals in general, is the disparity in education levels between men and women in many countries. In addition to formal education, women also tend to have more limited access to business and managerial training. In developed countries, the latter is more likely to constrain female entrepreneurs, while in developing countries both factors may contribute to women's smaller business sizes and lower growth rates. In many developing countries, there are still large disparities in literacy levels and educational attainment between men and women. This is largely a result of historic social conventions that placed more importance on educating boys, who, in adulthood, had greater employment opportunities and financial responsibilities as heads of households. As more development agencies and governments begin to invest in girls' education, some have found these interventions to also benefit workforce development and promote female participation in the workforce (Lincove 2008).

In addition to disparity in formal education, global literature suggests that women may also have less basic business administration and management training than men (Hisrich and Ozturk 1999). This is partly because of overall lower levels of education among women globally and partly because women are less likely to have had prior work experience where they could have gained such skills. There is also evidence that women are more interested in receiving such training than

11 Restrepo and Reichmann (1995) found that 70% of women entrepreneurs interviewed spent between four and six hours daily on reproductive work.

12 A study conducted by the government of Nicaragua in 2002 indicates that among the urban self-employed women spend more time on both productive and reproductive activities than men. On the other hand, Restrepo and Reichmann (1995) found that women dedicated slightly less time than men to productive activities (7 hours per day versus 8 hours per day), but dedicated 50% more time than men to productive and reproductive activities combined.

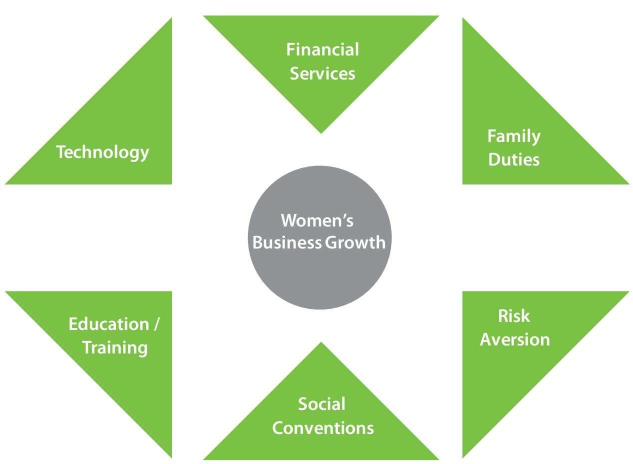
men. Hisrich and Sevgi (2001) found that more women than men in Turkey mentioned a lack of training and courses as a constraint to their business growth. In a study funded by the NFWBO, Weeks and Seiler (2001) also found that women in both Argentina and Mexico were more likely than men to indicate that business management training was an important issue and that training sessions would help their businesses grow.

F. ACCESS TO AND ADOPTION OF TECHNOLOGY

Global literature points to evidence that women are less likely to introduce new technologies into their businesses than men, which means that they are also less likely to enjoy the benefits and efficiencies that these technologies can bring (Sabarwal and Terrell 2008, Weeks and Seiler 2001, Ruminska-Zimny and Elias 2004). For example, lack of technology can prevent women from expanding their businesses because of a lack of reliable accounting systems. It might also limit the channels through which they can sell their products or their ability to compete for and deliver large orders. Using 2006 World Bank Enterprise Survey data for 14 Latin American Countries, Sabarwal and Terrell found that gender gaps in technology adoption explained a large portion of the sales differentials observed between men and women's businesses. They also found that while for both men and women the relationship between technology adoption and firm sales were positive, the effects were less pronounced for female-owned firms than male-owned firms controlling for sector.

Some of the reasons found in surveys conducted by the NFWBO for the lower levels of technology adoption among women include: (i) the high cost of hardware and software is difficult for women to afford, especially given their businesses and profits are smaller; (ii) keeping systems and technology serviced and up-to-date can be difficult and costly; (iii) lack of information among women regarding new technologies; and (iv) lack of access to the technical training needed to learn how to use new technologies. Many women, especially older women, do not know how to use a computer for even basic functions such as email and web searches, let alone business specific functions such as accounting or inventory tracking.

Diagram: Principle Constraints to Women's Small Business Growth



V. The Latin American Context

Overall gender equality in Latin America is poor relative to OECD countries, but above average compared to other developing countries. The Global Gender Gap Index (GGGI) rankings show Latin America and the Caribbean (LAC) as a region ahead of Eastern Europe, Asia, Sub-Saharan Africa and Middle East and North Africa (MENA) in terms of overall gender equality. This is largely because of the weightings of social factors in this index rather than economic factors. LAC has achieved near parity in health and survival and educational attainment. As a region it has made great advancements in gender equality in health and education, with many countries having achieved complete gender equality in at least one of these areas, such as Nicaragua, Colombia, Uruguay, Honduras, and the Dominican Republic. However, in terms of women's economic participation, LAC trails all regions except for MENA and Asia. It is also important to note that gender equality varies dramatically from country to country, with Trinidad & Tobago ranking highest at 19th, above the United States at 31st, and Guatemala ranking lowest at 111th (See Appendix I for a complete list of GGGI rankings for LAC).

Table 1: 2009 Global Gender Gap Index Summary for Latin America

	Overall		Economic Participation		Educational Attainment		Health and Survivial		Politcial Empowerment	
Country	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Bolivia	83	0.6693	95	0.5906	91	0.9746	112	0.9668	56	0.1450
Colombia	56	0.6939	39	0.6940	28	0.9996	1	0.9796	84	0.1026
Guatemala	111	0.6209	115	0.5061	101	0.9382	1	0.9796	118	0.0599
Mexico	99	0.6503	114	0.5089	90	0.9781	1	0.9796	65	0.1348
Nicaragua	49	0.7002	105	0.5626	1	1.0000	65	0.9765	25	0.2616
Peru	44	0.7024	77	0.6350	89	0.9785	91	0.9714	33	0.2246

Source: 2009 Global Gender Gap Report

One of the factors that has allowed for greater gender equality in LAC is the fact that many of the legal systems recognized the rights of women to vote, own property, etc. earlier on. The religious and cultural systems also generally recognize the rights of women, at least compared to those of many countries in MENA and Asia. Most countries also have specific legal provisions combating domestic violence and discrimination in the workplace. Moreover, three quarters of LAC countries have provisions for maternity leave that are more generous than those of the United States, although not up to the standards of European countries. Such provisions make it easier for women to balance a family with their work. However, these benefits are not available to the nearly 45% of the female workforce that works in the informal sector, including women microentrepreneurs. This may contribute to the large "motherhood gaps" observed in Latin America (Hausmann 2009). [13]

The social advances made in Latin America on gender equality have contributed to the dramatic increase in women's economic participation, as did the severe recessions and economic liberalization in the region in the 1980s, which prompted large numbers of women to join the

13 Hausmann (2009). "Motherhood gap" defined as the difference in labor force participation between women between the ages of 35-44 with no children and with three children. Forty one countries were studied, including Ecuador, Chile, Colombia, Costa Rica, Mexico, Argentina, Brazil, Bolivia, Panama, and Venezuela.

workforce out of necessity in order to supplement their family income (Restrepo and Reichmann 1995). In 1970 only 22% of women in the region were economically active, while as of 2008, this had increased to between 48-56% (UNSD 2005 and Hausmann 2009). One of the main entry points to the workforce for women in Latin America has been the informal sector, and specifically micro or small enterprises. In many countries in Latin America, for example Costa Rica, Guatemala, El Salvador, Mexico, Bolivia, and Ecuador, women are overrepresented in the informal sector (UNSD 2005).

Table 2: Percentage of the Population that is Economically Active by Gender

	Bolivia	Colombia	Guatemala	Mexico	Nicaragua	Peru
Women	68%	69%	47%	44%	40%	65%
Men	84%	83%	86%	83%	89%	85%
Gap	16%	14%	39%	39%	49%	20%

Source: 2009 Global Gender Gap Report

Entrepreneurial activity in LAC is higher than in most other regions, both overall and amongst women. However, women are still underrepresented amongst formal and informal businesses in most LAC countries. Using World Bank Enterprise Survey Data, Sabarwal and Terrell (2008) found that only 35% of LAC businesses are owned by women.[14] For the six countries studied here between 30% to 45% of informal businesses and 17% to 27% of formal businesses are owned by women. Research also suggests that women in the region face greater constraints than men in stabilizing and growing their businesses. The 2007 GEM study found that the gender gap in the percentage of men and women who operate early-stage businesses[15] in LAC was only 26%, compared to 35% in other low and middle income countries and 47% in high income countries. However, this gap widened to 47% for established businesses, indicating that many more women's businesses than men's are failing during the critical period. Moreover, women's businesses in LAC are generally smaller and lower revenue generating than men's businesses (Restrepo and Reichmann 1995, Sabarwal and Terrell 2008).[16] This suggests that the issue in LAC is not getting women to start their own businesses, but rather the quality and type of businesses that they are starting. Female entrepreneurs in LAC are even more likely to start consumer-oriented businesses (which have the highest failure rates) than women in other regions; 74.3% are in consumer-oriented businesses (Allen et al 2007). Women in LAC are also more likely than women in other regions to start their business out of necessity rather than opportunity (Restrepo and Reichmann 1995, Allen et al 2007). Women often start their businesses in positions of vulnerability, with little capital, little training, and while trying to balance work and family responsibilities. In the next section we provide six country profiles and four in depth case studies that offer additional evidence of these constraints. These constraints vary somewhat by country, reflecting the cultural and socio-economic disparities between the countries in our study. These differences are interesting, yet perhaps more interesting

14 Study covers 13 countries including Argentina, Bolivia, Chile, Colombia, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.

15 Defined as those with businesses less than 42 months old, the critical period during which a business is most likely to fail.

16 Restrepo and Reichmann (1995) found that women's businesses surveyed in Bolivia, Colombia Guatemala, and Peru earned 35% less in commerce and services and 50% less in productive activities than men's businesses. Sabarwal and Terrell (2008) found that sales revenues were 30% lower for women than men's; when country and industry are controlled for this falls to 27.6%.

are the similarities we encountered between some of the women we interviewed, including market vendors in Managua, indigenous artisans in Guatemala, hairdressers in Colombia and store owners in urban Peru.

VI. The Reality for Women Entrepreneurs: Country Profiles and Case Studies

While many of the women with microenterprises in Latin America and the Caribbean face similar constraints, they live and work in a diverse array of demographic, social, economic and legal settings. Each country context can influence the ability of women to select, operate and grow a microenterprise, small or medium sized business. Below we have selected six diverse countries in the region, to highlight how country specific contexts can influence women's business constraints.

Table 3: Comparative Summary Statistics by Country

	Bolivia	Colombia	Guatemala	Mexico	Nicaragua	Peru
Population	8,274,325	44,977,758	11,237,196	103,263,388	5,142,098	27,412,157
GNI per Capita	$1,260	$4,100	$2,450	$9,400	$990	$3,410
GEM Index	0.511	0.508	--	0.629	0.542	0.640
(rank)	78	80	--	39	67	36
Global Gender Gap Index	0.669	0.694	0.621	0.650	0.700	0.702
(rank)	83	56	111	99	49	44

Source: 2009 Global Gender Gap Report

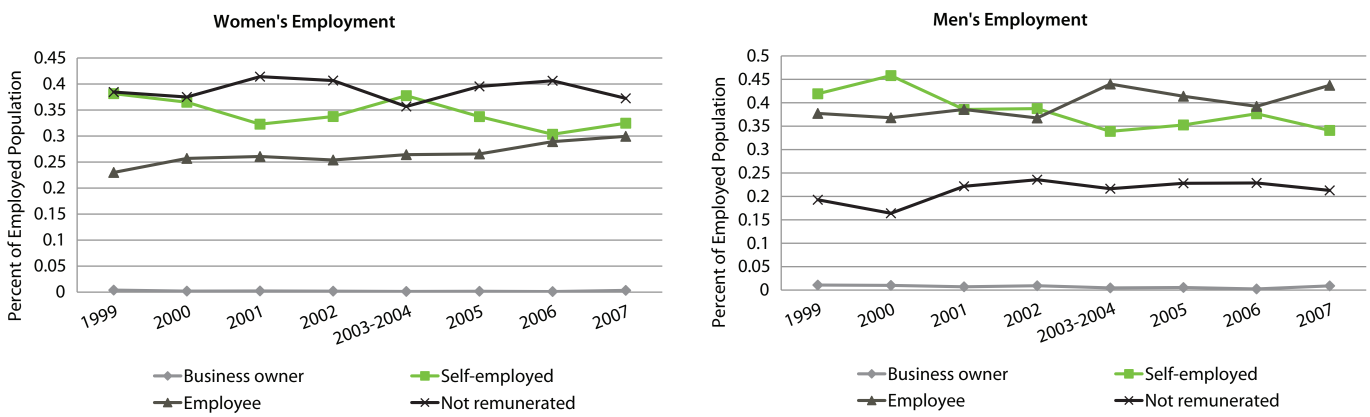
A. BOLIVIA

Bolivia is one of the poorest countries in Latin America and ranks near the bottom of the UNDP Human Development Index for the region (113th of 182 countries and ahead only of Guyana, Haiti, Guatemala and Nicaragua in LAC). Bolivia is landlocked, and much of the population lives off of subsistence agriculture with 38% of the population living in rural areas. According to national statistics from 1999-2007 out of a population of 8.3 million, over 60% live in moderate poverty, and nearly 40% live in extreme poverty. Nearly 50% of Bolivia's population self-identifies as indigenous, and 28% speaks an indigenous language as a first language.

There are significant gender disparities in Bolivia, as reflected in its GGGI score of 0.67 (ranked 83 out of 134) and a GEM score of 0.51 (ranked 78 out of 182). Although Bolivia has achieved near parity in health and survival rates, on average, women complete 1.6 fewer years of school than men, and only 81% of women are literate, as compared to 93% of men. Women are much less likely to participate in the labor force than men (56% of women versus 74% of men are economically active), and those women who do participate earn on average 54% of what men earn in similar economic sectors. They are also more likely to be unemployed than men; of the economically active population, 6.76% of women and 4.24% of men were unemployed as of 2008.

According to 2007 figures from National Household Surveys, women are more likely than men to be employed in informal sector work (70% versus 55%) and are also more likely (37% versus 21%) to hold non-remunerated jobs, such as in family-owned businesses where they do not receive a fixed salary. In recent years, percentages of both men and women who are self-employed have declined, while formal sector employment has generally increased. These are not dramatic trends, but they are indicative of an improving formal job market in Bolivia. Agricultural labor employs roughly equal percentages of men and women (35-40%), but women are more highly represented in commerce, while men are more likely to be employed in services, construction, and manufacturing.

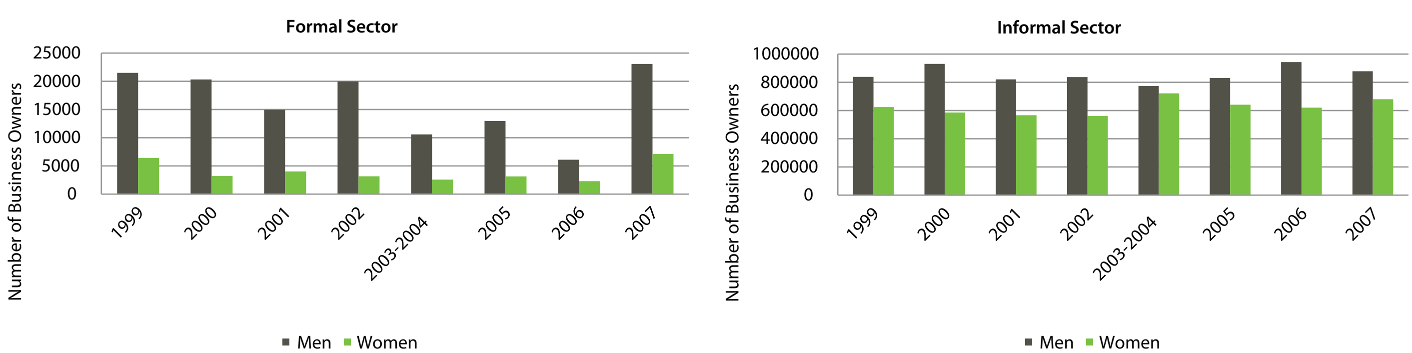
Figure I: Bolivia: Trends in Men's and Women's Employment by Category



Source: Instituto Nacional de Estadística de Bolivia (2007).

In Bolivia, men are far more likely to operate a formal business than women; 23,078 formal businesses are operated by men compared to 7,108 by women.[17] They are also more likely than women to operate informal businesses. Men and women who are self-employed can be considered a proxy for those operating informal businesses in the country. A roughly equal percentage of economically active men and women are self-employed, at 34% and 32% respectively; however in absolute terms there are more self-employed men than there are women (878,584 versus 680,324).

Figure II: Bolivia: Formal and Informal Sector Businesses by Gender

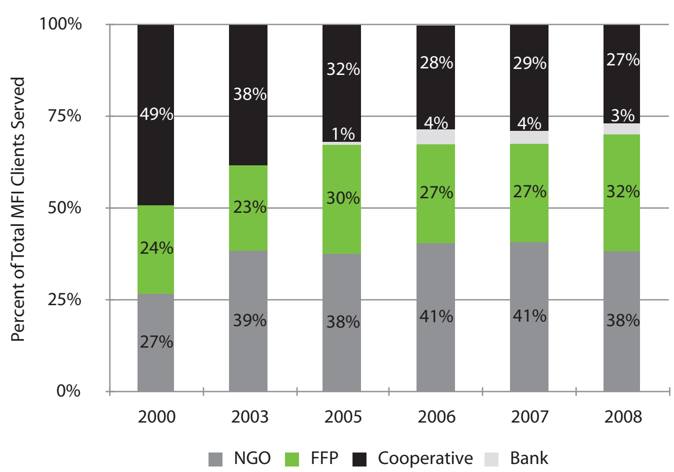


Source: Instituto Nacional de Estadística de Bolivia (2007).

17 We assume those classified as "business owners" by the Instituto Nacional de Estadistica de Bolivia can be used as a proxy for formal business ownership.

Bolivia's microfinance industry is one of the oldest in the region. Although initially composed almost exclusively of small, credit-providing NGOs, the industry has flourished and diversified over the past three decades as a result of developments in technical capacity, the establishment of a specialized regulatory environment for microfinance, the introduction of credit bureaus, and increased access to international and domestic sources of capital. According to the Economist Intelligence Unit's (EIU) 2009 Microscope rankings, Bolivia is currently ranked second globally for its favorable business environment for MFIs. NGOs are still the largest provider of credit services to the poor. 2008 MIX Market (MIX) data shows that 38% of Bolivia's microfinance clients were served by NGOs, followed by 32% who were served by ***Fondos Financieros Privados*** (private financial funds or FFPs). The regulatory environment has allowed Bolivia's institutions to offer savings in addition to credit services to their clients. In 2009, the FFPs of the ***Asociación de Entidades Financieras Especializadas en Micro Finanzas de Bolivia*** (Bolivian Microfinance Network or ASOFIN) were funding 82% of their portfolios with deposits. Recent regulation aims to increase access to savings products even further as a new resolution passed in 2008 lowers the minimum capital requirements for NGOs that want to become deposit-taking organizations from US$1 million to US$300,000, and does not require them to become FFPs (EIU 2009). Currently, the largest microfinance providers are ProCredit, BancoSol, FIE, and CRECER.

Figure III: Composition of Bolivian Microfinance Industry by Institution Type

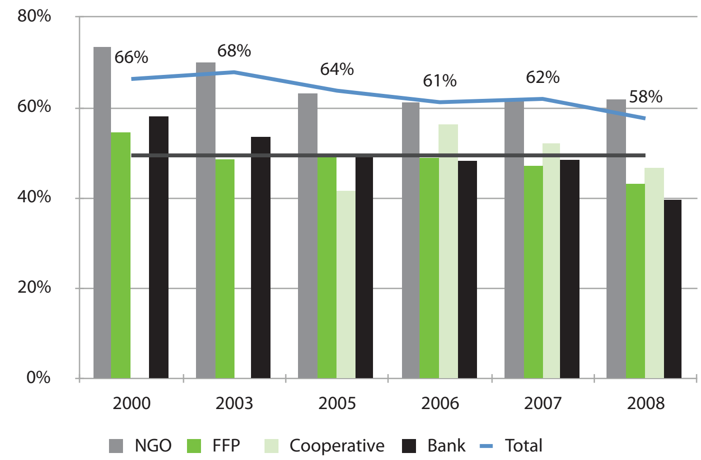


Source: The MIX Market 2008

CGAP reports that currently around 7% of the total population and 11% of the population living below the poverty line have access to microcredit services. Overall the number of people accessing microfinance services, as indicated by the MIX, has increased dramatically, rising from 221,864 in 2000 to 825,747 in 2008.[18] Women comprise the majority of microcredit clients (58%). Women tend to represent a greater portion of the clients of NGOs and Cooperatives, at 62%, while only 39%-46% of banks' and FFPs' clients are women. Across all institution types, however, the percentage of women served is falling, from 66% in 2000 and 68% in 2003 to 58% in 2008. Most revealing is the decline in the percent of women served by FFPs, from 54% in 2000 to 43% in 2008. This shift may reflect the changing social motivations of FFPs as they have become regulated and more commercially-oriented institutions, losing their focus on women. It may also reflect the fact that women's loan sizes tend to be smaller, and as FFPs seek greater sustainability, they are drifting away from offering smaller loans in favor of more profitable large loans (Frank 2008).

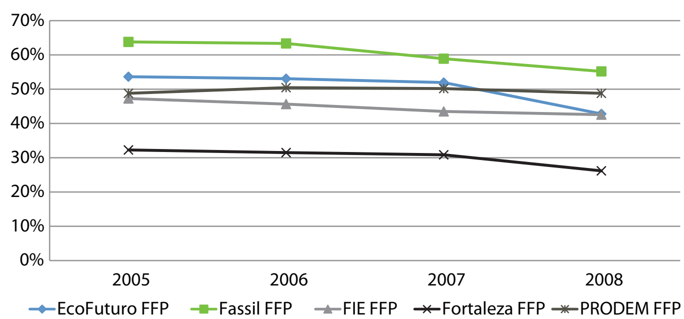
18 MIX data as of December 2008. Only includes financial institutions that voluntarily report to the MIX, so likely under-represents the total size of the market.

Figure IV: Bolivia: Trend in Women Borrowers as a % of Total Borrowers Served, by Institution Type



Source: The MIX Market 2008

Figure V: Bolivia: Trend in the % of Women Borrowers Served for Select FFPs



Source: The MIX Market 2008

Perspectives from the Field: ASOFIN Survey in Bolivia

In early 2010, EA Consultants conducted an in-depth survey of six of ASOFIN's eight member institutions. In total, these six institutions served just over 400,000 microcredit clients and 10,000 SME clients as of December 2009.[19] Approximately 51% of their total microcredit clients are women, compared to only 36% of SME clients. These results are similar to those seen in the rest of Latin America, and suggest that women's businesses are smaller than men's in Bolivia. Among their microenterprise clients, women's loan sizes were 30% smaller than men's, averaging US$1,628, as compared to US$2,316 for men. Smaller loan sizes are also suggestive of smaller businesses. At the SME level, however, there is very little gender difference in loan sizes, likely because the MFIs establish a minimum loan size for SME loans. Women's capacity to save also appears lower than men's,

[19] Definitions of micro and SME vary by institution, but in general, micro loans are defined as those up to US$15,000, while SME loans are defined as those larger than US$15,000.

suggesting a relationship between business size and savings capacity. Women's savings balances were 14-30% lower than men's at each of the five institutions in our survey that mobilize savings.[20] On average, women had US$369 in savings, compared to $457 for men.

Figure VI: Bolivia: Average Loan Sizes of Microcredit Clients, by Gender (USD)

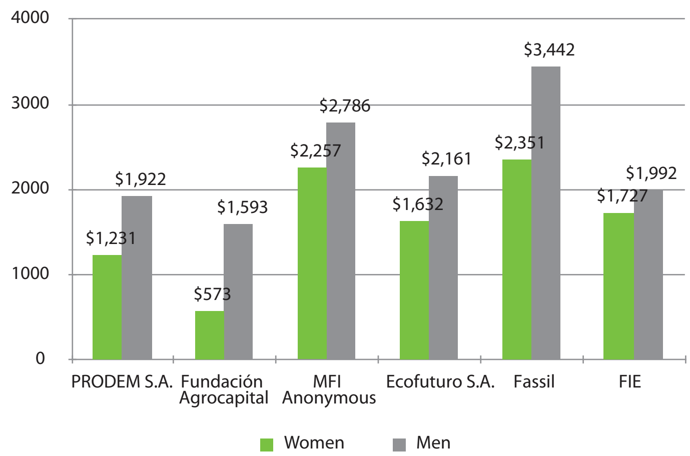


Table 4: Bolivia: Average Loan Sizes of SME Clients, by Gender (USD)

	Definition of SME	Average SME Loan Size - Women	Average SME Loan Size - Men	Difference (Men - Women)
PRODEM S.A	Greater than $10,000	$25,039	$24,205	-$834
Fundación Agro-capital	Greater than $15,000	$26,946	$32,745	$5,799
MFI Anonymous	Greater than $20,000	$27,853	$24,080	-$3,774
ECOFUTURO S.A.	Greater than $15,000	$21,609	$22,247	$638
Fassil	Greater than $5000	$14,712	$17,142	$2,429
FIE	Greater than $20,000	$40,000	$39,585	-$415
Total		$26,027	$26,667	$640

We also asked the MFIs questions to gauge whether their perceptions of men and women's businesses differ, specifically in terms of profitability and growth rates. The results were mixed, with three of the six reporting that women's businesses are likely both more profitable and faster-growing because women are better at saving (relative to their business size). These also claim that women are more responsible and are more likely to think about long-term objectives and reinvest in their businesses. However, respondents, in general de-emphasized gender differences. In the case of FIE, on the other hand, the institution notes that women participate more in commercial activities, which are smaller and grow less quickly than other activities. Size and growth do not necessarily correspond with profitability. According to Fundación Agrocapital, women's businesses are more profitable because women are better at administrating their resources. For this same reason, Agrocapital suspects that women are increasing their loan sizes with more frequency. Nonetheless, the large

20 Of the six institutions in our survey, Agrocapital is the only one that is not taking savings from their clients.

differential between men's and women's loan sizes and the relatively small size of women's loans suggests that even if women are increasing their loan sizes more rapidly, they are far from reaching the absolute levels of the business loans, and likely business size, of their male peers. Interestingly, one deposit-taking institution suggested that it is because women save more regularly and have good savings habits that they grow more over the long term.

B. COLOMBIA

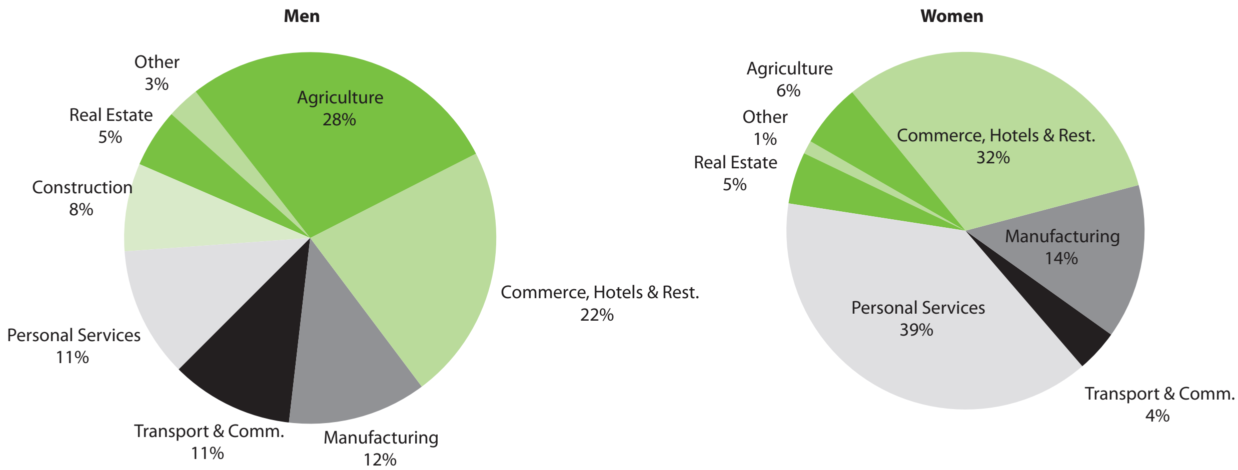
Colombia is an upper-middle income country with a GDP per capita of $9,200 and a population of 43.7 million. Despite progress made in recent years regarding the country's security, Colombia continues to be plagued by rebels and drug cartels in its rural areas and inequities in income and poverty are still widespread. Although poverty levels have decreased dramatically over the past two decades, 27.7% of households still live with unsatisfied basic needs (compared with 70.5% in 1970). Rural-urban disparities are striking; 62% of rural Colombians are poor and 22% live in extreme poverty, compared with 39% and 9% respectively in urban areas. Poverty rates in the indigenous and Afro-Colombian populations are also higher than average reflecting their greater concentration in rural areas, historic discrimination, and greater likelihood to be affected by Colombia's internal conflicts.

Although gender equality is still an issue in Colombia, it has fared better than many of its peers in Latin America. In 2009 Colombia ranked 56th of 134 countries on the GGGI, thanks largely to having achieved parity in the health and survival sub-index and near parity in educational attainment. Women's economic participation levels are also relatively high for the region; Colombia ranked 39th out of 134 countries on the Economic Participation and Opportunity sub-index and 4th out of the 26 Latin American and Caribbean countries.

According to national statistics from 2005-2009, Colombia has seen a dramatic increase in women's labor force participation over the past three decades. Between 1985 and 2009, the female economic participation rate increased from 31% to 44.3% (DANE 2009). A variety of forces have contributed to this increase including various cycles of economic crises, a higher number of female headed households, and higher female education rates. Today, more women are graduating from university than men and participating more than ever before in remunerated economic activity. Yet there continues to be a significant gender gap in women's economic participation (68% of men compared to 44% of women). According to Colombia's Presidential Council on Women's Equality, social conventions still dictate that most household and family responsibilities fall on women, which results in lower labor force participation rates. Further, according to Urdinola and Quentin (2006) strict equal employment regulations, such as mandated generous maternity leave, may have actually generated a disincentive to hiring of women, contributing to this gap and to the higher unemployment rates observed among women (14.9% versus 8.9% for men).

Census statistics show that the majority of Colombian women work in services and commerce, 39% and 32% respectively, compared to 10% and 22% of men. Men are more likely to be involved in agriculture, as well as more formal and higher income generating activities like the transportation, communication, and construction industries. In 2005, 60.2% of women worked in the informal sector, compared to 59% of total employment. Furthermore, almost twice as many women (7.4%) worked as unpaid labor for a family business than men (3.1%). In part because of the sector distribution, but also because of discrimination in the workplace, women's salary levels are still lower than men's for the same job and qualifications. A study conducted by the Colombian government by Urdinola and Quentin (2006) found that there was on average a 10% gender wage gap for those who have completed full tertiary education (16 years or more) between 1982 and 2000, while Tenjo (2009) found that this gap was as high as 14-23% when controlling for sector and education level. According to the 2009 GGGI, Colombia is ranked 100th out of 134th in perceived wage inequality.

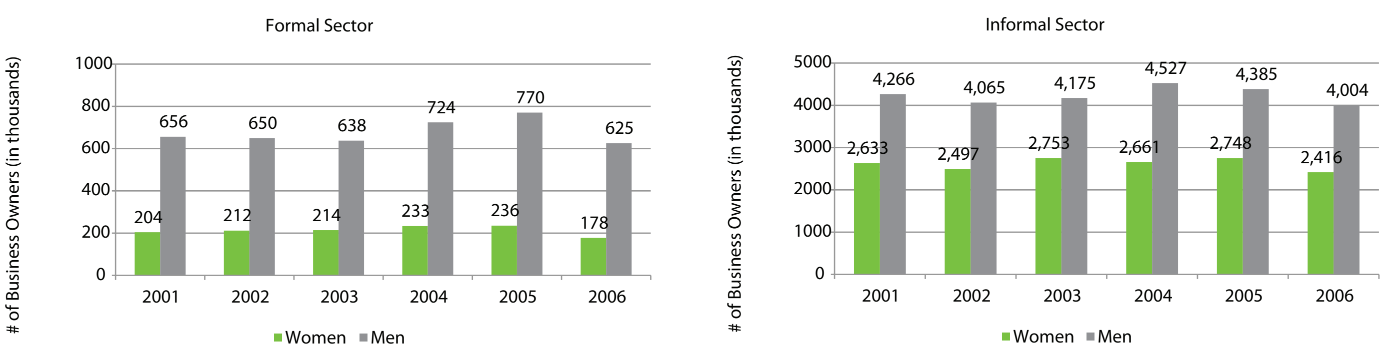
Figure VII: Distribution of Colombian Workforce, by Economic Sector



Source: Departamento Administrativo Nacional de Estadística (2005)

Women in Colombia are less likely to start their own businesses than men. The Gender Entrepreneurship Monitor found that 26.6% of women in the workforce owned their own business, compared to 42.4% of men. Moreover, only 7.84% of women owned established businesses[21] compared to 15.49% of men (Allen et al 2008). According to Colombia's Presidential Council for Women's Equality, for every 10 women that start a business in Colombia, there are 20 men that start a business. Amanda Melo de Ardila at the Council adds that women's businesses are also more likely to fail in the first three years than men's, largely because of a lack of capital and commercialization strategies for their products. As of 2006, there are estimated to be 2.4 million women-owned informal businesses (38% of the total estimated informal businesses in Colombia) and 177,000 women-owned formal businesses (22% of the total).

Figure VIII: Colombia: Formal and Informal Sector Business Ownership by Gender



Source: Departamento Administrativo Nacional de Estadística (2005)

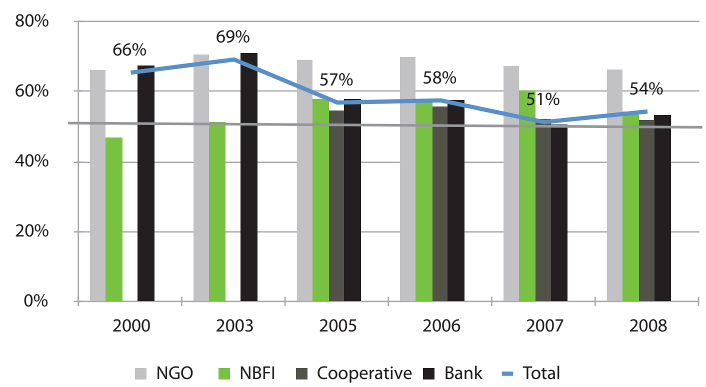
[21] Established businesses are defined as those in operation for more than 42 months.

Colombia has a dynamic microfinance sector with NGOs, regulated financial institutions and banks all providing financial services to low income Colombians. Through these institutions, Colombians have access to a variety of loan products, savings, insurance, and remittances. These can be accessed through traditional branches as well as some non-traditional delivery channels including grocery stores and ATMs. Much like in other mature microfinance markets such as Bolivia, Peru and Nicaragua, the depth of Colombia's microfinance industry has resulted in a segmentation of the microfinance market by region, socio-economic status as well as gender.

In 2008, there were 18 MFIs reporting to the MIX in the country. Many MFIs were started as women-only institutions, and though they now also serve men, they have remained true to their original missions. For example, nearly 70% of Bancamía's clients are still women despite its transformation from an NGO to a full-fledged bank (see more in ***Perspectives from the Field: Bancamía*** below). Compared to other types of institutions, NGOs serve the largest percentage of female clients, although this has fallen slightly from 71% of their total). This reflects the commitment of these institutions to the mission of supporting women. Overall women comprise 54% of the total microcredit clients served by all institutions reporting to the MIX, down from 69% in 2003. This largely reflects an influx of commercial banks and financial institutions into the microfinance sector in 2007-2008. These institutions are offering loans to slightly larger businesses as well as individual consumer loans and with a more neutral gender orientation (for example Davivienda, Banco Caja Social and Procredit). Nevertheless, this trend has recently reversed as a result of the increase in delinquencies resulting from the financial crisis in 2007-2008. According to Elvis Alva, a microfinance specialist from the USAID funded MIDAS project in Colombia, regulated MFIs and banks are beginning to turn away from consumer loans and over-crowded markets, extending their outreach to lower income sectors, including women. Some now have portfolios with 60%-65% women clients for individual loans and even higher percentages in group loans.

Despite the growth of microfinance in Colombia over the last eight years, most loans are available for existing businesses only and there is still very limited financing available for people seeking to start a new business. Entrepreneurs seeking to open new businesses are forced to rely on savings, money lenders, or help from friends or family members. This may make it especially difficult for women in Colombia to start their own business, as women may have fewer opportunities to save as they are less likely to have held formal sector employment.

Figure IX: Colombia: Trends in the Percentage of Women Borrowers



Source: The MIX Market 2008

Perspectives from the Field: Bancamía

In Colombia, EA collaborated with Bancamía, a regulated banking institution dedicated to serving the financial needs of micro and small businesses throughout the country. Bancamía was formed when Corporación Mundial de la Mujer Bogota and the Corporación Mundial de la Mujer Medellin merged their operations and transformed into a full-fledged bank with an investment capital from Fundación BBVA para las Microfinanzas. As of December 2009, Bancamía had 103 branches throughout Colombia and served 285,769 clients, 63% of whom are women. Between September and October 2009 EA analyzed Bancamía's database in order to determine the profile of Bancamía's clients and if any differences could be observed between their male and female clients. The database included client and business level data for 172,997 clients as of May 2009. Following this analysis, focus groups were conducted in November 2009 with a sample of Bancamía's female clients in Bogota between the ages of 20 and 55 in the commerce and services sectors.

> ***Profile of Typical Bancamía Client:***
>
> *The typical female client at Bancamía is 30-50 years old, is married or cohabitating and has 3-4 children. She is literate, has attended high school and now works in the commerce sector. She is in Estrato 2 (lower middle class); her sales are approximately $1,500 a month and her take home profit $425.*

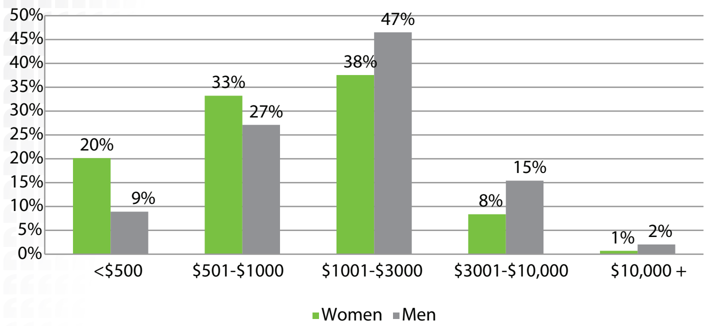
Despite its recent transformation into a bank, Bancamía continues to serve the lower income segments of the Colombian population. Approximately 80% of its clients are in the low to lower middle income segments and another 18% are considered to be middle class.[22] The majority of both its male and female clients operate what would be classified as microenterprises with 88% having sales of less than $3,000 per month, profit of $300-$600 per month, and less than 2% employing more than 10 people.[23] Bancamía's female clients tend to own smaller businesses than its male clients, which is consistent with the global literature. These businesses are on average 33% smaller in terms of sales and 22% smaller in terms of profit. Women's earnings from their businesses are also more likely to be a supplement to other household income rather than being the only source of household income; 33% of women reported some kind of "other income", compared to 18% of men. Figure X shows the distribution of Bancamía's clients by monthly business sales. 53% of women's businesses have monthly sales of less than $1000, compared to only 36% of men. They are also smaller in terms of number of employees; of the 9% of Bancamía's clients with employees, women's businesses employ an average of 6.2 employees, while men's businesses employ an average of 7.0 people. Although Bancamía's female clients' absolute profits are lower than men's, their businesses are actually 15% more profitable than men's.[24] The average profit margin of Bancamía's female clients is 28.8% compared to 24.9% for men's businesses. However, as Vikram Akula, founder and CEO of SKS Microfinance in India, points out, "Micro-enterprises earn disproportionately high returns on investments [because they] primarily use family labor, have low infrastructure costs (e.g. village groceries are often home-front stores, are in the informal sector of the economy where there are no taxes or legal fees, and operate where financial capital is a small percentage of the overall inputs, which are primarily labor." Thus, it may be inequitable to directly compare women and men's profitability as they are more likely to operate home-based businesses with limited overhead than men.

22 The population in Colombia is classified into *Estratos* 0-6. 80% of Bancamía's clients fall into *Estratos* 0-2 and another 18% fall into Estrato 3 (middle class).

23 The definition of a "microenterprise" used by government agencies in Colombia is a business with less than 10 employees and up to 500 minimum salaries in assets (approximately $125,000)

24 Profitability was calculated by taking monthly profit as a percentage of monthly sales.

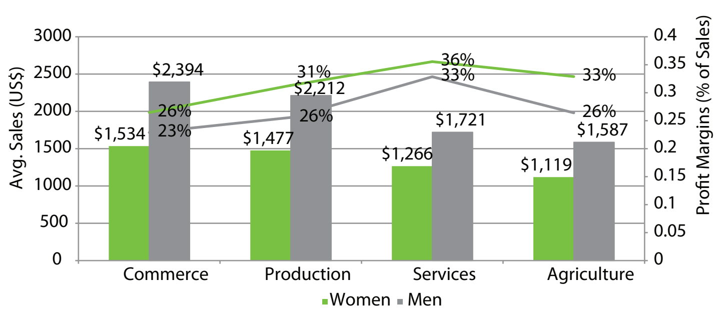
Figure X: Bancamía: Distribution of Monthly Sales by Gender



Economic Sectors: Social conventions do not appear to play a major role in the broad economic sectors in which Bancamía's clients operate their businesses. Segmenting Bancamía's clients by economic sector revealed relatively even distributions by gender, although its female clients are underrepresented in agriculture and livestock and slightly overrepresented in the services sector. Within each sector, women's businesses have consistently lower sales figures than men's businesses, indicating that the primary constraint to Bancamía's female clients' business size may not be broad economic sectors in which they work as seen in the global literature. However, this may not hold for the population in Colombia as a whole as census data shows much greater differentiation in economic sectors between men and women (as seen in Figure VII above).

Business size is important, but it is not the only consideration when examining the potential of a woman's business. The segmentation by economic sector revealed that though businesses in the commerce and production sectors have higher sales, services businesses boast the highest profit margins. Overall services businesses are approximately 20% smaller than commerce businesses in terms of average sales, yet take home profit for these businesses is 6.7% greater than that of commerce businesses overall. For women-owned businesses, service profits are 10.8% greater than profits in commerce businesses. Similar results in profitability by sector in Peru highlight the importance of business choice and that women's concentration in commerce, a relatively low margin business, may be limiting the income generating potential of their businesses.

Figure XI: Bancamía: Average Monthly Sales and Profit Margins, by Economic Sector and Sex



Family Responsibilities: Business experience has a positive correlation with sales levels (Figure XII and Figure XIII). Amongst Bancamía's clients, men generally have more years of experience in their businesses than women, even if overall they are not much older. On average, men have 8.75 years of experience, compared to 7.25 for women. This difference helps to explain part of the difference in sales levels observed between men and women. One reason women on average may have fewer years of experience in their businesses is due to social conventions which previously kept women out of the workforce entirely. Women may also take time from their productive activities to have children,withdrawing from paid labor to dedicate time to childrearing (Hausmann, 2009).

Figure XII: Distribution of Clients by Years of Experience

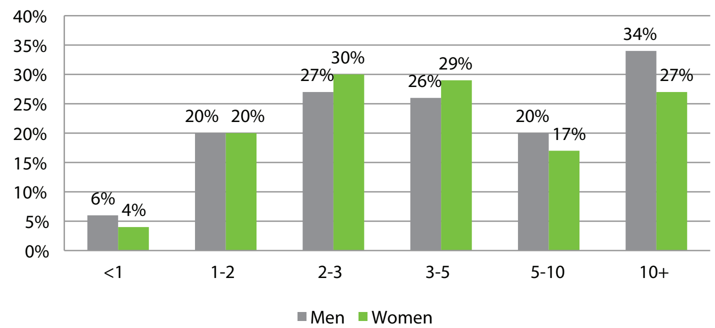
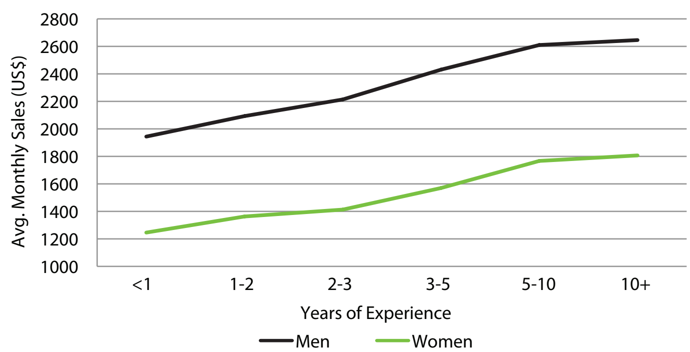
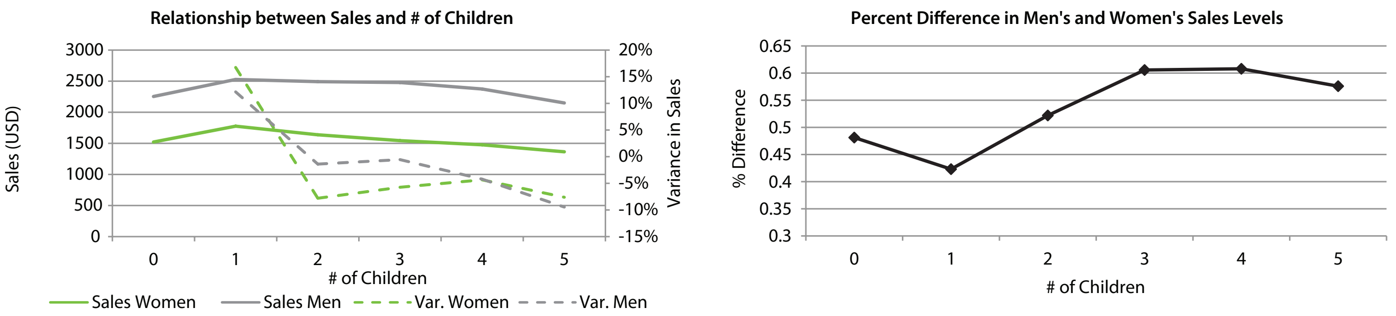


Figure XIII: Average Sales by Years of Experience



Perhaps unsurprisingly, another factor which appears to impact the sales levels of women's businesses differently as compared to men's is the number of children they have. For both men and women there is a negative relationship between the number of children (after 1) a client has and their sales, however this relationship is stronger for women than men (Figure XIV). More telling is how men's sales relative to women's jump from being 48% and 42% greater when a client has zero and one child to 52% when he or she has two children, to between 58-61% when he or she has three or more children. These findings indicate that the additional family responsibilities that fall on women, specifically childrearing, are negatively affecting their business sizes relative to their male peers.

Figure XIV: Bancamía: Relationship between Sales and Number of Children, by Sex



In discussions with female clients of Bancamía, we validated the hypothesis drawn from the data above. Twenty-one of the 23 women who participated in our focus group have children. The majority of these women said that the need to be at home with or near to their children and/or the need for flexible working hours had impacted the decision to open their own businesses and what type of business to open. When asked why she decided to open her own business, one Bancamía client, a beauty salon owner, said, ***"I was working in a day care center. I was a teacher and they closed many doors for me when I became pregnant, so I thought it would be best to work independently so that I could better manage my time and so, I went to beauty school."*** Despite having made business decisions based on family responsibilities, most of the women interviewed in our focus groups are still dedicating at least eight hours a day to their business (five were not). In the commerce sector, the women lead "double days", waking very early in the morning to prepare breakfast and lunch and to get their children ready for school before heading to their stores at 7 or 8am, and returning home late to prepare dinner and to finish their other responsibilities. For the women in the services sector and those in production (largely sewing), the majority operate their businesses from home[25], which allows them more flexibility in their working hours. Nonetheless, these women, especially those in businesses that required significant interaction with clients, also reported working long hours. Another way women's additional family responsibilities can limit business growth is that women may reinvest less in their businesses in order to meet household expenses. Among Bancamía's clients, women spend 73% of their profit on household expenses compared to 65.8% for men.

Risk Aversion: Our methodology did not provide conclusive information about whether women entrepreneurs were more risk averse than men. We considered the following proxies for risk aversion in our analysis: loan size as a percentage of business sales and loan size as a percentage of business profits, which assumes more risk averse people are less likely to take

Bancamía clients on how they manage their businesses and family responsibilities.

"I dance in this house. I take care of the store, I iron, I cook, I speak to teachers."

"In my case, I don't have set hours that I come in or finish work, because there are clients that ask me to give them a hairstyle at six in the morning and others might make me wait for them until eight at night. There are times that they want it at eleven at night."

[25] In total, 13 out of 23 women operated their business from their homes.

out proportionally larger loans; and delinquency rates, which assumes more risk averse people will be more hesitant to overextend themselves and risk defaulting on their loan. Table 5 shows that women asked for loans representing 82% of monthly sales compared to men, who only asked for 58% of sales, indicating that women are ***less*** risk averse than men. In looking at loans to profit, the differential between men and women is smaller, but still in favor of women being ***less*** risk averse than men rather than more. On the other hand, we found Bancamía's female clients are less likely to be delinquent than men indicating they are ***more*** risk averse. The results of the focus groups with Bancamía's clients and the in-country interviews were also mixed. Professionals working in MFIs and training institutes in Colombia believe that risk aversion plays a larger role in how women manage their businesses than men. One reason women are often thought to be more risk averse than men is that they have a tendency to grow their businesses horizontally rather than vertically. This tendency was observed in Bancamía's clients. While the majority of the women we spoke to wanted to focus their efforts on growing their existing business, four noted that they wanted to open a secondary business as a diversification strategy.

Table 5: Bancamía: Clients Risk Aversion, by Sex

	Women	Men	Differential
Loan Size / Monthly Sales	82%	58%	40%
Loan Size / Monthly Profit	284%	235%	21%
Delinquency	10.70%	11.10%	-3.60%

Access to Finance has been and continues to be one of the major constraints to the growth of women's businesses. The majority of Bancamía clients who participated in the focus groups commented that prior to Bancamía they had not had access to finance from any other bank or institution. One woman said, *"Before for women it was very difficult to get a loan, but with the Women's Bank, they gave us importance, they took us into account.*" Lack of access to capital influenced many women's ability to start and grow their business and for a few women even determined the type of business they chose to open: *"Because it didn't require much working capital to start, it was a little easier to get into the business."* Although they now have more access to capital thanks to

What do you need additional capital for?

"For me it would be fundamental to be able to have the money to buy wood cutting machines so I can start a wood ornaments business and leave my son to manage the casino businesses."

"…to buy inventory and to take advantage of promotions and always have products available for the clients so as not to lose opportunistic sales ."

"It would be very useful to have a vehicle for transport so that I don't have to fight so much to bring my things to my clients because of the insecurity in the public transportation system and because the clothes and packages get beat up in the bags… but I haven't been able to because before I was paying the house loan and now it's my daughter's university and this has stopped us from asking for another loan."

-Bancamía's women clients

Bancamía, lack of capital continues to be a major constraint to growth. Women reported needing more capital in order to buy a car to use in their business, to buy machinery to process raw materials and thus lower their costs, and to broaden their product offering. One woman even stated that a lack of capital to maintain and grow her business was one reason she would like to return to the formal sector if possible. That many of these women, who are already clients of a MFI, feel they still need additional funds to grow may be indicative of both limitations in the product offering of many MFIs (especially in terms of maximum loan sizes and investment loans), as well as of limitations in women's ability to borrow and repay larger loans at high interest rates. One woman mentioned having problems with running up debt on a credit card, which was now keeping her from requesting another loan, while another mentioned she could not take on another loan until she had paid her housing loan and her daughter's education.

One way to offset the need to borrow more is to save and reinvest in the business later. However, despite feeling relatively successful in their businesses, most of the women are not able to save very much on a regular basis. Those that do save tend to do so by participating in rotating savings and credit associations (ROSCAs or ***cadenas de ahorro no formal***). Many also choose to reinvest any surplus funds in the business, in inventory or raw materials, in order to increase their sales. Only a few have a savings account with a bank or financial institution. Most of the others feel that the fees were so high that it wasn't worth having a checking account at most banks: ***"These days, it's not good business to save in a bank…They charge for everything!"*** Nonetheless, several women expressed interest in Bancamía offering savings services, especially programmed savings with limited withdrawals, which would help them to be more disciplined in their savings.

> *"If I had the money, I wouldn't buy more [sewing] machines, I would give it to my children so that they could get training and be better in what they do, because one gets tired and gets left behind. Also I believe that it is important to know how to manage the business well in order to make it grow."*
>
> *– Bancamía client*

Education and Training: Colombia is unique among Latin American countries in that women in Colombia have achieved relatively equal levels of education to men and have excelled at the tertiary school level. These superior levels of education are also reflected in Bancamía's clients. An equal percentage of Bancamía's female and male clients have a university level education; however, more women have technical and secondary education than men, while a greater percentage of Bancamía's male clients have no education or only primary education. This could be reflective of the fact that there are fewer opportunities for educated women than men in the formal sector, because of social conventions and family responsibilities, and thus more highly educated women opt to start their own business. It could also reflect women's need to balance work and family responsibilities.

Although women's formal education levels, relative to men's, are not a major constraint to their businesses in Colombia, when asked what they thought would help them grow their businesses, many of Bancamía's clients responded that they would like additional training. They were interested in technical training to learn new techniques and upgrade their skills (i.e. for beauty salons and sewing) and to learn how to use primary materials more efficiently and improve their production process**.** The women also expressed interest in more general business training in accounting, business

> *"The biggest constraints to growth for our women are how to commercialize [sell] their products and capital."*
>
> *-Nancy Valero, Presidente de Fundación Mújeres de Exito*

administration, marketing, client services, finance and costing, and commercialization strategies. Only two of 23 women kept formal accounts for their businesses and actually pay themselves a monthly salary (those registered with the Chamber of Commerce). A small number track their sales, but not their expenses. Most maintain no records at all, using their business revenues for household and business expenses indiscriminately. This lack of record keeping and control makes it difficult to scale many businesses, especially when scaling up requires hiring additional employees. Despite feeling that they would benefit from this technical and business training, only a few have actively sought out and participated in trainings at the Chamber of Commerce, Mayoral Center, and Servicio Nacional de Aprendizaje (SENA - the government run national training institute). Others said they do not know where to look for trainings or are concerned about the cost of such trainings and the time commitment because they have many family responsibilities in addition to their business responsibilities.

Professionals working at other MFIs, foundations and training institutes in Colombia also stress the importance of training and capital to promote women's personal and business growth, especially for those women just starting a business and/or those from lower income segments. These women often need "psychological" training to boost their self-esteem as well as financial and business training. However, women may not be willing to participate in such trainings, either because of the time commitment or because they do not recognize the need for training or the value of the trainings (especially when provided for free). Oportunidad Latinoamerica Colombia, a MFI offering credit and training, reported that only about a third of their clients participate in the mandatory bi-weekly trainings delivered at the payment meetings.

Access to Technology: Many of the women in our focus groups consider technology to be of great importance to their business. The definition they use for technology is somewhat broader than computers, internet and phones, however. Many noted that more efficient machines would be a "technology" that would allow them to increase production, decrease costs and improve quality. The women we interviewed also consider cellular phones to be a necessity in order to communicate with suppliers, clients and family members. They all had cell phones. The majority had a computer in their house, as well as access to the internet. However, only a few of these women actually used the computer in their work. Those who did used computers largely to contact their clients or research new products online. Several expressed an interest in learning how to use, or better use, the computer for their businesses.

> *"I wasn't very good friends with technology, but I persisted because now everything is on the Internet and I am thinking about offering my products on the webpage that my son sells his products on."*
>
> *- Bancamía client*

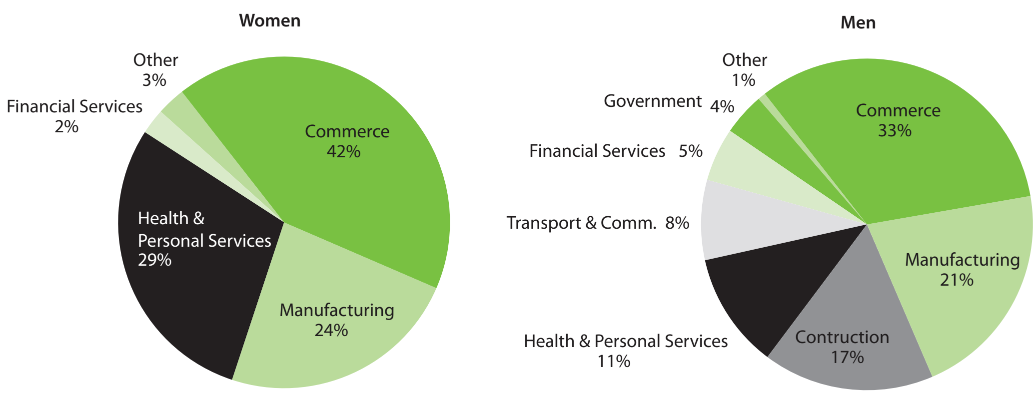
C. GUATEMALA

Guatemala is one of the poorest countries in Latin America, ranking 122nd on the UNDP Human Development Index out of 182 countries. GDP per capita is only US$5,200 (PPP) and there are high levels of income disparity and poverty. According to the Instituto Nacional de Estadística de Guatemala (INE – the National Institute of Statistics), in 2006, out of a population of 13.7 million people, 53% live in poverty and 16% live in extreme poverty. Nearly 41% of the population self-identifies as indigenous and for 31% of the population Spanish is not their first language. Women comprise 51.2% of the population, 54% of whom still live in rural areas. Poverty is also slightly higher among women than men at 54%.

Gender equality in Guatemala is considered to be the lowest in the region and among the lowest globally. Guatemala ranked 111th out of 134 countries in the 2009 GGGI and scored poorly in all the equality sub-indices except health and survival. Education inequality continues to be a problem in Guatemala, especially in rural areas, although according to the United Nations (UN), the gender parity index in primary school enrollment has improved from 0.87 in 1991 to 0.92 in 2004. Women's literacy rates are also still lower than men's, but have improved from 57% in 1994 to 68% in 2007 (compared to 72% and 79% for men).

Guatemala is a relatively traditional society where women typically work inside the home. Over the last 20 years, however, necessity has prompted many women to enter the workforce in order to supplement insufficient household incomes (UNDP 2000). This has led to an increase in women's economic participation rates from 26.6% in 1989 to 47% in 2009 (compared to 86% for men in 2009). According to 2004 census data, women now represent 35% of the economically active population, up from 21% in 1980. However, women still earn less than men and are more vulnerable to job loss. In terms of economic sector, 35% of women work in commerce, 25% in services and 20% in manufacturing. Men are most inclined to work in agriculture (50%), followed by commerce and manufacturing, but a significant number also work in construction and other industries. As can be seen in Figure XV below, which shows the distribution of the Guatemalan workforce excluding agriculture workers, women are nearly entirely concentrated in commerce, production and services, while men are employed in a wider variety of industries.

Figure XV: Distribution of the Guatemalan Workforce, by Economic Sector (excluding Agriculture)



Source: INE Encuesta Nacional de Empleo e Ingresos 2004.

Women's work is concentrated in the informal sector: 37% of women are self-employed and another 21% are non-remunerated workers, compared to 30% and 15% of men respectively. This is also reflected in women's business ownership. As of 2004 women are estimated to have operated approximately 625,000 informal businesses, or 40% of the total informal businesses, but only 41,000 formal businesses, or 20% of the formal sector businesses in Guatemala.

Figure XVI: Guatemala: Distribution of Workforce by Type of Employment

Source: INE Encuesta Nacional de Empleo e Ingresos 2004

Financial access in Guatemala is low, but average relative to other countries in this study. Thirty-two percent of the Guatemalan population is estimated to have access to financial services according to the World Bank Composite measure. The banking industry is characterized by several large domestic banks which have traditionally served large private business and government organizations. Most low income and informal financial services are provided by the microfinance industry, which is comprised mainly of NGOs and approximately 240 regional cooperatives, only a few of which have achieved significant scale. Over the last 10 years, prompted by competition in their own markets, several commercial banks have started to downscale into micro and small business lending, including BanRural, Banco de los Trabajadores and Banco de Antigua, and more recently Banco G&T Continental and Banco Promerica. This has helped to improve coverage, especially in urban areas. As of 2008 there were 279,000[26] microcredit clients in Guatemala served by NGOs, approximately 150,000[27] served by banks and 140,000 served by cooperatives (REDCAMIF 2009). This equates to approximately one third of the 1.5 million Guatemalans who are self-employed (Table 6).

Table 6: Guatemala: Estimated % of Informal Businesses Served by the Microfinance Industry

	Self Employed	Total	% With Loans
Women	623,007	340,000	54.6%
Men	941,513	219,000	23.3%
Total	1,564,520	559,000	35.7%

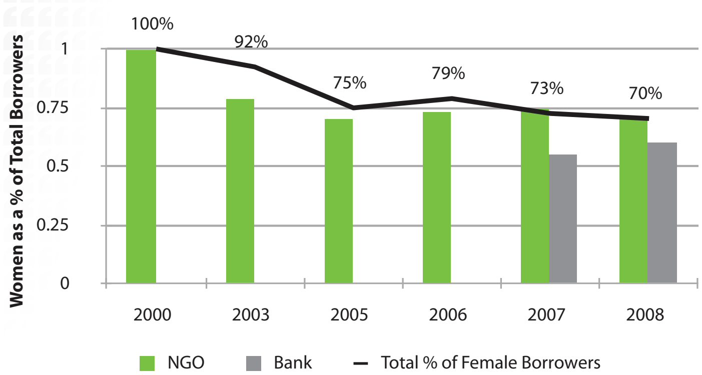
The increase in the supply of microfinance has dramatically increased the number of female microentrepreneurs who have access to credit in Guatemala. As seen in other countries, the percentage of microcredit clients who are women has decreased as the microfinance industry has grown and commercialized, however it is still quite high relative to other countries in the region at approximately 70%. The majority of women continue to be served by NGOs both because of the greater outreach of these institutions as compared to banks, as well as a greater focus on women. FondeSol, a microfinance NGO targeting Guatemalans in rural and peri-urban areas, has seen a dramatic gender shift toward women in its client base since it was legally formed through the merger of several Catholic Relief Services development programs in 2005. At the time, it was focused on agricultural lending and nearly

26 MIX data as of December 2008, not adjusted for MFIs not reporting to the MIX or for clients which may have loans from more than one institution.

27 Based on REDCAMIF data as of December 2007 adjusted for findings from primary research.

all of its clients were men; now 71% of its clients are women. According to FondeSol management, this shift has occurred naturally based on demand rather than a proactive effort to target women with their services. The majority of G&T and Promerica's microfinance clients are also women, although neither of these institutions has a specific focus on women.

Figure XVII: Guatemala: Women as a Percentage of Total Borrowers, by Institution Type



Source: The MIX Market 2008

Perspectives from the Field: Génesis Empresarial

In order to explore the enterprise level differences between male and female entrepreneurs in Guatemala, we collaborated with Fundación Génesis Empresarial ("Génesis"), a non-profit microfinance institution created in 1988. Génesis is the second largest MFI in Guatemala and the largest NGO MFI, serving 92,322 clients, 78% of whom are women, through 58 branches. Between November and December 2009 we performed a data mining exercise with Génesis' client database to determine the profiles of its male and female clients and identify any major differences between the two sexes. The database included client and business level data for 90,000 clients as of October 2009. Having identified some initial hypotheses in the data, in January 2010, we conducted individual interviews with 15 of Génesis' clients, men and women, in Guatemala City to discuss how they started their businesses, their business trajectory, the factors instrumental to their success, and the obstacles they continue to face. It is important to note that, by design, the clients interviewed had larger loans and more established businesses than the majority of Génesis' clients and were all in the commerce sector. To complement these interviews, we also spoke with clients from three other microfinance providers: Banco G&T Continental, Banco Promerica and FondeSol. The clients visited with the latter were located in a small, rural community near Cobán; the others were located in and around Guatemala City.

Profile of Typical Génesis Client:

The typical female client at Génesis is 30-50 years old, married or cohabitating with children. She is likely to live in a rural area, is literate, but has only been educated through primary school. She works in the production or commerce sector and is borrowing around $360 from Génesis through a communal bank.

Génesis targets a relatively low income, largely rural segment of the population. Its average loan size disbursed is US$600, 86% of its clients live in rural areas and 62% are of indigenous descent. Génesis offers its microfinance services through three different lending methodologies: communal banks[28], which are designed to make smaller sized loans because they rely on a large group guarantee that is difficult to secure for larger loans; solidarity groups, which also rely on a group guarantee, but with as few as two people; and individual lending. On a relative basis, its female clients are far more likely to be part of a communal bank than its male clients in part because Génesis only started offering a male communal bank product in February 2008. On the other hand, despite representing only 23% of Génesis' total clients, men represent more than half of its individual loan clients.

Table 7: Génesis: Distribution of Clients, by Lending Methodology and Sex

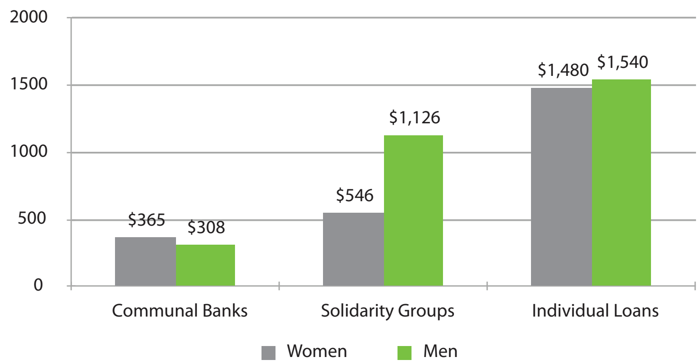
Lending Methodology	Women	Men
Communal Banks	53,815	8,819
	(73%)	(42%)
Solidarity Groups	10,626	4,148
	(18%)	(21%)
Individual Loans	7,099	7,815
	(10%)	(37%)
Total	71,540	20,782

As also observed in Colombia and Peru, the loan sizes of Génesis' female clients are significantly lower than those of its male clients. The average loan size for Génesis' female clients is US$508, while for its male clients it is US$923, or 82% larger. Génesis only records monthly income data for a small portion of its clients. For the approximately 6,500 clients with income data, women's income was on average 30% less than men's. When analyzing the broader client base, we can use differences in loan size as a proxy for differences in business size and conclude that women's businesses are overall smaller than men's businesses.[29] Part of this differential in overall average loan size can be explained by the different lending methodologies used by men and women and the type of clients these methodologies are geared towards. Génesis' female clients tend to be located in rural areas working in small agricultural and livestock activities and participating in communal banks while its male clients are more likely to work in urban areas in the commerce sector. When Génesis' clients are segmented by type of lending methodology, the difference in loan sizes between men and women is only 4% for individual loans, indicating there is little difference in business size for women and men who qualify for individual loans (generally larger, more established businesses), yet only 10% of Génesis' women clients have individual loans. Women in communal banks actually have larger loans on average than men in communal banks. Our analysis suggests that women's higher loan size is related to their seniority in communal banks, which have allowed them to increase their loan size over a longer period of time. On average women in communal banks have 3.2 transactions with Génesis compared to only 1.8 transactions for men, and with each new cycle or transaction the maximum amount a client is allowed to borrow increases. It is too early to tell whether loan sizes will equalize as men's communal banks mature. When analyzing differentials between men and women's loan sizes under the solidarity group methodology, which has been offered to both genders for similar periods of time, we find that men's average loan size is more than double women's average loan size, suggesting, perhaps a greater correlation with business size.

28 Also referred to as village banks in other countries in this document.

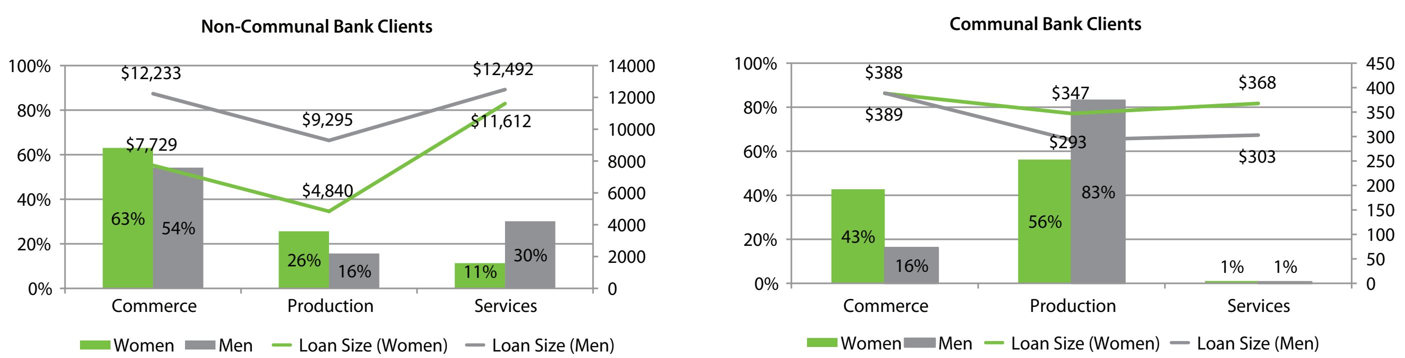
29 We found that loan size and sales levels were highly correlated in other countries during this study.

Figure XVIII: Génesis: Average Loan Size, by Lending Methodology and Sex



Economic Sectors: One explanation for the differential in solidarity group loan size is that men and women operate different types of businesses. While the majority of both men and women work in commerce, women are more inclined to also work in production, while men are more inclined towards services. Only 11% of women work in services compared to 30% of men, yet loan sizes in services are the largest of any sector. Moreover the differential between men and women's loan sizes is also the smallest in services.[30]

Figure XIX: Génesis: Loan Size and Client Distribution by Economic Sector and Lending Methodology



One of the reasons we see more women entering into commerce than services is likely because the skills required to start a small commerce business are minimal and relatively easy to learn, whereas services businesses generally require more unique skills or knowledge (car repair, electronics, hair cutting, etc.). These skills must be learned from a family member, apprenticeship or training course. However, women in Guatemala often have fewer opportunities to learn the skills necessary to operate a services business. They generally have lower levels of education. They are often pushed to marry young, they have large families, and they tend to take on the role of primary care giver in their families. In addition, although the clients we interviewed did not generally differentiate be-

30 Overall women's loan sizes in production are also relatively less small (20%), however, this is largely because men participating in communal banks have significantly smaller loan sizes, which likely has more to do with the relatively short period they have been Genesis clients than with the size of their business or economic activity.

tween women and men's ability to run a business, there do appear to be distinct perceptions of what is a typically female or male business, especially in production and services.

We interviewed some of Génesis' larger clients, to understand some of the main factors behind their success. We found that both men and women's businesses have grown since inception in terms of sales, product offering and market space. About half of both men and women had specific plans for growing their businesses.[31] Most clients attributed their success to "knowing how to sell", access to capital, knowing how to invest their loans wisely, and good client service. Most learned about their business and how to sell from family members, but a few had also learned by doing. Interestingly, these clients said that the training they received from Génesis had helped them learn to make good investment decisions.[32] Two other factors that have contributed to some of the businesses owners' successes are receiving help from their children, especially in basic business administration, bookkeeping or technology use, and being flexible in terms of business location and product offering, for example, diversifying during peak sales periods or seasons.

> "*The factories are mostly owned by men. Women in 'production' are in handicrafts, food preparation or maybe agriculture or livestock raising in rural areas. Most of the services businesses are also run by men, electronics repair, automobile repair…Women do have a few services businesses such as beauty salons."*
>
> *– ProAmerica Branch Manager*

> "*A store owner who says that they don't want to grow is lying. You always want to grow!"*
>
> *Génesis Client, Women and girls clothing vendor, Woman, 45, mother of 3*

What advice would you give to someone opening their own business?

1. *Pick a good, secure location where lots of people pass.*
2. *Look for good prices when you buy things.*
3. *Make sure your prices are in-line with your competition.*
4. *Treat your clients well.*
5. *Have patience, a business doesn't grow overnight and it can be difficult at first.*

Promerica Client, Small grocery store owner, male, 35

31 It is important to note that this is not representative of Génesis clients generally or of microentrepreneurs overall in Guatemala. The sample was specifically selected to include Génesis clients with larger loans, who are also generally its more established clients.

32 Most of the clients interviewed had received training before Génesis formed a separate training unit in 2001. They had generally received financial education in how to manage their loan, how to make good investment decisions, and basic business administration skills such as basic record keeping, how to cost out and price their products and sales techniques.

Education and Training: As mentioned above, lack of education and training is a major constraint for both men and women's businesses in Guatemala, however, because of education inequalities it is even more of a factor for women. Many women do not know how to read or use formal numbers, which can make it very difficult for them to "manage" even a small business and puts them in a position of vulnerability with clients and suppliers. In rural areas, because indigenous women spend less time in formal education and are less likely to travel and work outside their communities, their ability to start and grow a business is also affected by their limited ability to speak and understand Spanish.

Many MFIs have responded to this lack of education by offering training to clients alongside their financial services. All four of the MFIs visited in Guatemala recognized the need to provide some degree of training to their clients, although the two NGOs, Génesis and FondeSol, are more proactively providing training, trying to integrate it into their normal lending business, largely by using the communal bank meetings to deliver trainings. Previously Génesis used its loan officers to deliver trainings, but in 2001 it established a separate training department to develop training materials and deliver business administration, finance, social and technical trainings. The department now has over 100 courses, 43 staff members dispersed throughout the country and over 90% client participation. Client participation rates vary dramatically between communal bank clients at 98-99% and individual and solidarity group clients at approximately 20%. The challenge for non-communal bank clients is finding an efficient training delivery mechanism that attracts clients on a voluntary basis, by fitting into the clients' busy schedules and providing content that meets their diverse business needs.. FondeSol is still developing its training initiatives, but is largely working through alliances with other organizations, such as PLAN International, to delivery trainings in literacy, health, human rights, cooking, gender equality, loan and business administration and technical subjects. G&T Continental invites its microfinance clients to participate in periodic "conventions" where basic business administration training is provided, but acknowledges one of the purposes of these conventions is also marketing. Promerica did not originally offer training to its microfinance clients, but is currently revising its lending methodology to include mandatory financial education designed to help clients manage and invest their loan and prevent delinquency issues later.

> *"I just received my diploma for first grade last year. Now I am in second grade…being able to count and do basic math has really helped me with my business. Before I had to rely on customers to tell me how much they owed when they bought more than one item."*
>
> *Génesis client, Clothing Vendor in Guatemala City (originally from Quiche), Age 45. She has three children, one who is now a lawyer and the other who is currently studying law in university.*

> *"We have found that we are often starting at zero with our clients. For example, we did a costing exercise with a group of clients and found that their animal raising activities were unprofitable. When we found the same for their agriculture activities, they asked, 'Then what do I do? I don't know how to do anything else."*
>
> *- Alejandra Penedo, Marketing Director, Génesis Empresarial*

Feedback from clients regarding the Génesis and FondeSol training was positive.[33] In an impact study in 2009, 99% of Génesis clients said the trainings they received had been useful. In our field inter-

[33] G&T Continental clients interviewed had not yet been invited to a training.

views, 13 out of the 15 clients interviewed had received training when they first joined Génesis (generally prior to the formation of the separate training department). Both sexes said that they had benefited from the training as it taught them how to make good investment decisions and how to better manage their businesses; a couple of clients also mentioned the product costing had been useful. However, women are more inclined than men to want additional training; only two of the seven men interviewed are interested in additional training, while six out of eight women are interested. Younger men showed a preference for training over their older counterparts who felt "they are already trained."

Training needs in rural areas are different from those in urban areas. Both Génesis and FondeSol report that the majority of client demand is for technical trainings to learn new skills such as how to make soap, shampoo or cakes. Génesis usually combines this with how to price and market these products so that clients are able to replace and/or diversify away from largely agriculture, livestock or small scale commerce businesses into these new activities. However, despite the demand, uptake post training has been low. There is also demand for literacy training and basic family health and nutrition training.

Traditionally, both organizations have focused their trainings on women because they comprise the majority of communal bank members, however, Génesis has also recently started trainings for male communal banks and was surprised to find that it is actually easier to train the men than the women because they do not have as many family responsibilities. Thus additional family responsibilities are not only directly constraining women's businesses, they are also affecting their ability to participate in and benefit from training and capacity building programs. According to Génesis' Director of Entrepreneurial Development Services Flor de Salguero, "Men have been very open to all the training courses we have offered through the communal banks, with the exception of gender training. The younger men have been more open to gender training than the older men among whom there is still a high level of machismo."

Access to Technology: Technology use is relatively low in the group of clients interviewed at Génesis. All but one client interviewed have cell phones, however only five know how to send or receive text messages. Ten out of 15 have computers in the house, although only four (three men and one woman) know how to use a computer and only one uses a computer in his business. Rural Guatemala poses an interesting ground for experimenting with technologies that can reduce a woman's transaction costs, domestic chores or transportation costs. Some of these include cellular phone banking and phone-based delivery of services such as tele-medicine. Our interviews suggest, however, that technology needs to be simplified significantly if it is to become a useful tool in many of these communities.

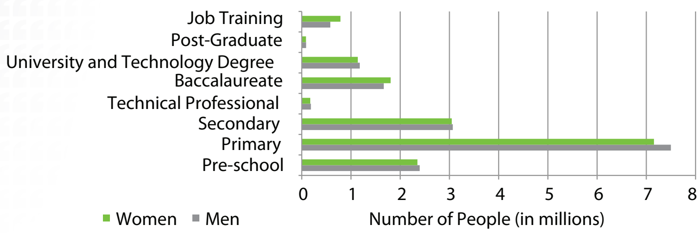
> *"The men are generally more dedicated to the training and don't feel the same pressure to finish exactly on time because they don't have to rush home to take care of their household responsibilities. They also don't bring their children to the trainings, which can be distracting."*
>
> *Flor de Salguero, Génesis Director of Entrepreneurial Development Services*

D. MEXICO

Mexico is a middle income country with a GDP per capita of $13,200 (PPP) and a population of 111.2 million. Despite its middle-income status, Mexico suffers from large income disparities and has a Gini coefficient of 48.2. National census records show that historically, poverty has been concentrated mostly in rural areas; however, over the past decade the rural-urban poverty gap has narrowed significantly. In 2006 32% of rural Mexicans fell below the food poverty index, down from 42.5% in 2000. In contrast, urban poverty fell by a lesser degree from 12.4% to 10% over the same time period. Poverty rates are slightly higher for women than men.

Gender inequality in Mexico is still a major concern, especially compared to other middle income countries. In 2009 Mexico ranked 97th out of 134 countries on the GGGI. It has achieved parity in the health and survival sub-indices, and female educational attainment rates are improving, though still slightly lower than males. As of 2005, census records show that men had attended an average of 8.4 years of school while women averaged 7.9 years in school. Literacy rates for women are also slightly lower at 90.9% compared to 94.3% for men (World Bank 2009). However, economic and political inequality are more significant.

Figure XX: Mexico: Educational Attainment, by Sex

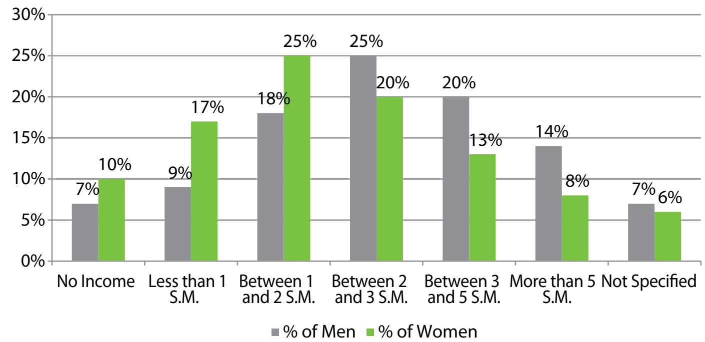


Source: SEP-DGPPP, Subdirección de Análisis Estadístico y Presupuestal (2007)

Although traditionally women in Mexico have been homemakers, economic necessity has prompted their entry into the workforce over the last three decades. As of 2008 almost 16.5 million women, 38% of the working age population, were economically active (compared to 62% of men), up from 31% in 2000. The overall level of participation is relatively low compared to other countries in this study, likely reflecting the country's middle income status and lesser need for women to work outside the home.

Approximately 45% of women work in services, 27% in commerce, and 17% in manufacturing. While there are also many men in these fields (23% in services and 15% in commerce), their economic activities are more diversified and include large percentages in the construction and agricultural sectors as well. As shown in Figure XXI below, there are also large income disparities between men and women; 52% of women earn less than two minimum salaries, approximately US$220/month, compared to only 34% of men. This partly reflects the type of employment available to women, but also that women often earn less than men for similar positions.[34]

Figure XXI: Mexico: Income Distribution, by Sex



** S.M. stands for monthly minimum salary in Mexico.*
Source: INEGI Encuesta Nacional de Ocupacion e Empleo 2008.

34 The 2009 Global Gender Gap Index ranks Mexico as 112th out of 134 countries in terms of wage equality for similar work.

In 2008 census surveys showed that there were approximately 2.2 million formal businesses in Mexico, however, only around 388,000 of these are owned by women. Informal sector business ownership is more equal, representing 23.3% of working women (3.8 million women) and 22.6% of working men (6.2 million men). There is little gender disaggregated data characterizing these informal and formal businesses. However, a survey of 600 men and women business owners[35] conducted by NFWBO in 1998, found that women's businesses were in general much smaller than men's businesses in terms of number of employees and revenues (Weeks 1999). According to this survey, 80% of women-owned businesses employed less than 15 people; compared to 48% of men's. Conversely only 4% employed more than 100 people; compared to 17% of men's businesses. Half of women-owned firms earned less than $50,000 annually, compared to only 25% of men's. Some of the potential reasons indentified for this included: less access to technology, less access to external capital, and more need for business management training. Women were 30% less inclined to use computers in their businesses and 37% less likely to have access to the internet. They were also 16% more likely to say additional business management training would help them to grow their businesses. The difference in access to capital was also quite pronounced between men and women. Only 14% of women surveyed had access to bank loans, compared to 25% of men. Even controlling for business size the gender gap did not disappear (Weeks 1999).

The financial sector in Mexico is one of the most developed in Latin America, with an abundance of foreign and national banks, cooperatives and specialty finance companies. Despite this, financial access for micro and small enterprises is still lacking, and Mexico has lagged many of its Latin American peers in the development of a robust, competitive microfinance sector. Over the past decade, the Mexican government has actively promoted the growth of micro and small enterprises and sought to incorporate these companies into the financial system as a way of increasing employment. These efforts and the recognition of microfinance as a commercially attractive business have helped spur the rapid growth of the industry over the past 5 to 10 years. Still, the market has remained largely underserved with only 25% of the population having access to some kind of financial service according to the World Bank composite measure of financial access, and even less with access to credit (estimated at 15% in urban areas and 6% in rural areas) (Braniff 2007).

Women have been the beneficiaries of much of the growth in the microfinance industry as many of the larger institutions, such as Banco Compartamos and FINCA Mexico, have instituted village banking lending methodologies focused almost exclusively on women, as well as solidarity groups that are also generally more appealing to women. As of December 2008, the 39 institutions reporting to the MIX served approximately 2.2 million women borrowers, representing about 80% of their total microcredit clients.[36] Banco Compartamos alone serves more than one million women. There are also a multitude of Cooperatives, non-bank financial institutions (NBFIs), and NGOs offering microfinance services that combined serve another 1.1 million women. Overall the concentration on women has not changed dramatically over the last 10 years. NBFIs have seen a slight decrease in the percentage of women served, from 85% in 2005 to 72% in 2008. Cooperatives have always had the least focus on women, with approximately 60% of their clientele being women. However, anecdotal evidence suggests a greater decline in women clients as a percentage of total microcredit clients in 2009. This reflects the growth of new lending methodologies including solidarity group lending and individual lending in a market that began primarily with village banking. For example, at Fincomún, a leading Mexican MFI based in the urban Federal District in Mexico City using exclusively solidarity group and individual loans, women currently represent 66% of its clients with productive loans.

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35 The participants in the survey were mostly SMEs and large businesses in the formal sector and were contacted through local chambers of commerce and business associations.

36 These numbers exclude Financiera Independencia which does not report the percentage of its clients that are women and also largely offers consumer credit rather than microenterprise credit.

Banco Compartamos' participation in the microfinance market in Mexico has grown significantly, and contributes to the persistent high levels of women's financial access. Followed by FINCA Mexico, these two institutions are among the most prestigious specialized institutions and have maintained their largely female clientele with 98% and 96% of female borrowers respectively. Loan sizes at these institutions have also remained small at US$359 and US$216 respectively in 2008. Smaller NGOs such as Pro Mujer Mexico in Hidalgo and ALSOL in Chiapas also focus exclusively on women clients.

The high penetration of institutions that concentrate lending to women has improved women's access to credit, but has not necessarily supported the growth of women's businesses. One reason is the low overall levels of average loans in Mexico. According to the Mix Market, Mexico's microfinance industry's average loan size is US$295 in 2008 compared to US$1,296 in Bolivia, where per capita GDP is significantly lower. Low levels of savings may also be contributing to smaller businesses for women. Only 9% of the MFIs in the ProDesarrollo Network took savings, for example (ProDesarrollo 2007). Another potential constraint to women's businesses in Mexico is that social conventions place more household responsibilities on women. Women of prime working age (20-59) spend an average of 51 hours per week engaged in domestic work and childcare, compared to men who spend on average 16 hours on these tasks (INEGI 2004). Because of their family responsibilities, women with businesses will tend to invest more of their profits income in the household, rather than the business, further limiting business growth.

Perspectives from the Field: FINCOMUN

Data from FINCOMUN, a leading Mexican MFI, confirms findings that women's businesses are generally smaller than men's. As of December 2009, FINCOMUN had approximately 60,000 productive loans outstanding, 66% to women. However, on average, women's loans were 29% smaller than men's loans (US$780 versus US$1000 respectively), suggesting that their businesses are also smaller. Women were also far less likely to have larger loans; only 1900 women (3.8% of female borrowers) had loans greater than $3000, compared to 2200 men or 7.5% of all male borrowers.

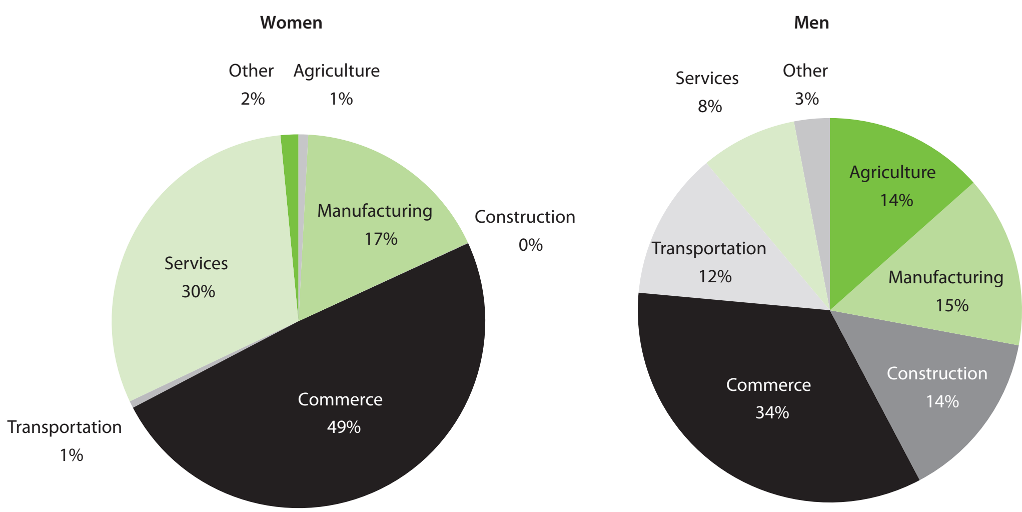
FINCOMUN data also revealed a concentration of women's businesses in the commerce sector, representing 77% of women's businesses, compared to only 61% of men's. In services, women were slightly less active than men with 17% participation compared to 20% for men. These differences do not explain variations in loan sizes, however. Women's loan sizes were lower than men's even within sectors, with men's loans between 23% and 31% larger than women's across commerce, services and manufacturing. According to FINCOMUN management, this gender gap is more likely explained by, among other things, differences in the types of businesses women are operating within a given economic sector. For example, many women often start businesses in catalogue sales or as door to door saleswomen, which are generally relatively small scale businesses. Their margins may be very high, but expanding these businesses is difficult because they are generally limited in geographic scope and to products with limited demand. A FINCOMUN branch manager in Mexico City noted, ***"Because of the type of businesses women are in, larger capital investments do not necessarily translate into greater growth or more profit. In order to change this, women need access to sectors with more growth potential, which have traditionally been reserved for men…More training and more technology might help to change sectors, then, they would also benefit from more capital to start up these other sectors."***

E. NICARAGUA

Nicaragua is a low income country with a GDP per capita of $2,570 (PPP) and a population of 5.7 million. Despite being the country in our sample with the lowest per capita GDP and a Gini coefficient of 43.1, it fares relatively well on some of the social and poverty indicators as compared to the other low income and middle income countries. Nicaragua ranks 67th out of 109 countries in the GEM, with a value of 0.542. In 2009 Nicaragua ranked second highest of our six sampled countries in the GGGI index at 49th out of 134 countries. The strong ranking was due to extremely high levels of achievement in education, where Nicaragua ranked first, and in political participation, where it ranked 25th. Decades of social turmoil and activism in Nicaragua have driven significant gains for women in social and political spaces. The Human Development Report of 2009 shows that women have greater life expectancies and higher education rates than men as well as equal adult literacy rates. Nevertheless, gaps between men and women's economic participation and health persist.

Census data form 2005 shows that women comprise only 35% of the economically active population in Nicaragua. In rural areas, this figure is lower at 19% compared with 45% in urban areas. About 68% of these women work in the informal sector. Women's small businesses countrywide may also be constrained by the economic sector in which their work is concentrated. In the formal sector, women primarily work in services (48%), followed by manufacturing (primarily low-paid maquila workers), which represents 21% of formally employed women, and commerce (18%). In the informal sector, however, 49% of women are concentrated in low margin commerce, restaurants and hotels, versus 34% of informal sector men. Women in the informal sector are also more concentrated in social, community and personal services, which includes a broad range of activities from hair dressing to teaching. Informal sector men, on the other hand, are more active in agriculture and livestock as well as construction. Informal sector men (15%) and women (17%) work in manufacturing almost equivalently. The gender composition of sectors for informal workers in Nicaragua suggests that traditional views and social conventions may be less prevalent than in countries such as Peru (below). Women are more active in services and manufacturing than men, and are only excluded from the most traditional male sectors such as agriculture, livestock and construction. Nevertheless, they are still highly concentrated in the commerce sector, as in the other countries covered by this study. While we do not have comparative data for the profitability of commerce, agriculture, services or manufacturing in Nicaragua, evidence from other countries implies that commerce is among the least profitable of informal sector industries.

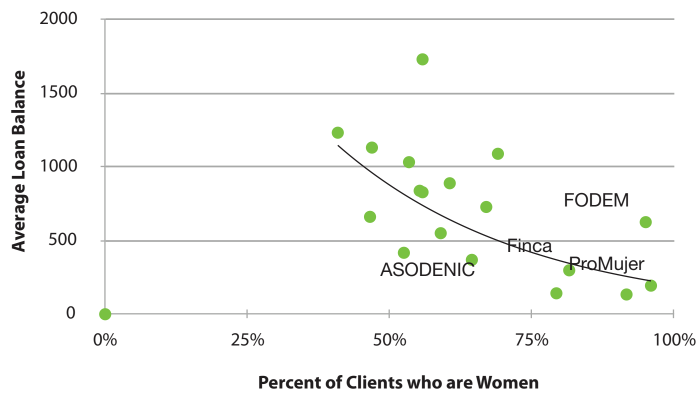
Figure XXII: Nicaragua: Distribution of Informal Workers, by Economic Sector and Sex



Source: VII Censo de población y IV de vivienda. Nicaragua, 2005

Nicaragua's microentrepreneurs have had access to a broad and active microfinance sector for almost twenty years. Banks, MFIs, cooperatives and retail stores all offer credit to informal sector workers. Many of these institutions take deposits and there is a growing interest among non-regulated institutions in becoming regulated deposit taking entities. As a result, there is widespread access to financial services for both men and women both in urban and rural settings relative to other countries in our study. Women represent 58% of the credit clients of the 19 MFIs affiliated with ASOMIF (Association of Nicaraguan Microfinance Institutions), yet average loan sizes for women (US$495) were about half of the average loan size for men (US$997) in 2008. The participation of women in MFI portfolios in Nicaragua is very closely related to the market segment of each MFI. The level of sophistication of Nicaragua's microfinance sector has led many institutions to segment their markets, and focus on specific niches including very small, subsistence level microenterprises; larger microenterprises; more formal microenterprises with employees; and medium sized businesses. Figure XXIII below examines the relationship in Nicaragua between loan size and the percentage of clients who are women.[37] Institutions that offer smaller loans tend to have a greater participation of women. Some institutions have a specific gender focus such as FODEM, ADEMI and Pro Mujer, while others may have a high participation from women because they target lower income clients with less restrictive lending methodologies, but without an explicit gender focus, such as FINCA and ASODENIC. With some exceptions, the relationship between MFIs offering small loan sizes and the percentage of female clients in their portfolio is suggestive of smaller businesses among women clients.

Figure XXIII: Nicaragua: Relationship between Loan Size and Percent of Clients who are Women



Source: MIX Market 2008

Most of the institutions with high female participation do not take savings, although some require a savings account from a third party as a guarantee for a loan. While women's access to credit is widespread, access to savings appears to be less so. Yet, when offered the chance to save, women appear to be more interested in saving than men. Procredit is one of Nicaragua's three largest MFIs and the only one with extensive outreach in terms of small savings accounts. In June 2009, Procredit had 131,006 savings clients and 56,350 loan clients (not including formal business loans). Of the savings clients, 59% were women and 41% were men. While women were more likely to have savings balances, men's savings balances were 62% higher at US$472 versus US$292 for women.[38]

37 Considers 20 of the main MFIs including two cooperatives. Excludes Banex and Banco ProCredit because of the SME loan portfolio which skews the average loan size significantly.

38 Data provided in an individual interview with Procredit Nicaragua in June 2009.

Perspectives from the Field: Urban Markets Case Study, Nicaragua

In Nicaragua, we analyzed a data set developed in 2007 and 2008 through a randomized evaluation financed by the United States Agency for International Development (USAID) and the Global Development Network (Hatt et al 2009). The evaluation sought to measure the impact of offering the Nicaraguan Social Security Institute's (INSS) health insurance, otherwise available only to formal sector workers, to Nicaragua's urban informal sector. During this study (herein INSS survey), researchers surveyed randomly selected market vendors in 2007 and randomly offered a variety of incentives to sign up for this health insurance. In 2008, a follow up survey was conducted. Significant demographic, health and economic data was collected in the study and a portion of the data was utilized by EA in this document. We reviewed the responses from 2,336 market vendors in urban Managua interviewed in the baseline and follow-up survey. We then selected a small subset of 44 participants (29 women and 15 men) from this same survey for additional in-depth qualitative interviews in August 2009. These interviews sought information about the participants' businesses, incomes, family life and gender views. We corroborated some results with data provided by Banco Procredit, one of the largest MFIs in the country, as well as through additional individual interviews and focus groups with MFIs, support programs and clients of MFIs.

Of the microenterprises in the INSS survey, 62% were women-owned, reflecting the greater proportion of women operating in informal commerce in the country. Specific information about business size, sales or assets was not available in this data set. However, income and total debt outstanding data indicate that women's businesses are smaller than men's businesses. Income[39] for women in the sample was 46% lower than men's in 2008 at US$402 versus US$587 per month.[40] Almost half of the 29 women interviewed said they depend on another income source (partner or other family member) to cover household expenses as theirs were insufficient, while only one of the men interviewed reported other income sources contributed to their households., This suggests that men are taking home enough money from their businesses to cover typical household expenses, while women are not. Using outstanding debt as a proxy for business size also indicates that women's businesses are smaller.[41] While average outstanding debt was near equal at US$904 for women and US$905 for men, 32% of female respondents in the survey had outstanding debt of under US$526, compared to only 20% of men surveyed. Thus, more women had smaller loans than men, yet some larger borrowers in the sample pulled averages up. Interestingly, this differential appears to dissipate at the SME level. Client loan data form Banco Procredit, which lends to both micro and SME clients shows that there is virtually no difference between women's and men's loan size for SMEs. Loans for microenterprises, on the other hand are nearly 50% smaller for women than for men. This data is consistent with the findings of our research in Peru and Bolivia and suggests that women's constraints at the microenterprise level differ from those at the SME level.

Profile of Typical Business Woman in Managua's markets:

The average businesswoman in the markets is 41 years old, has one child under age 12 and works 12 months a year, 27 days a month. This woman is likely married or co-habitating. She is literate, has attended high school. She takes home approximately US$ 400 per month from her business.

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39 Income is defined in the survey as take home profits after business expenses.

40 Because our sample is all in the commerce sector and research in Peru and Colombia included in this document illustrates that women's businesses are generally smaller but more profitable than men's in this sector, we assume that this lower "profitability" or income is related to business size rather than higher profitability of male businesses.

41 We have found throughout the course of our research that loan size is closely correlated to business sales, especially within a given economic sector such as commerce.

Table 8: Micro and SME Client Loan Data, Banco Procredit, Nicaragua

	Micro	SME
Loan Portfolio		
Women	46%	37%
Men	54%	63%
Number of Clients		
Women	58%	38%
Men	42%	62%
Average Loan Size		
Women	$1,332	$24,557
Men	$2,144	$24,865

Access to Finance: The INSS survey suggests that there is widespread access to credit in Nicaragua's commercial sector. In 2008, 55% of women and 43% of men in the survey said they were clients of a financial institution. This is in line with national statistics which show that 50% of informal businesses have access to finance. It is notable that in the INSS survey, women where more inclined to use financial institutions than their male peers. This is likely related to the fact that there continue to be more women covered by MFIs, many of which have defined women as a key market segment, either because they are seen as better at repayment or because of a specific social mission. Despite the relative accessibility of credit among this population, during our individual interviews with clients, limited capital was cited often as a constraint to business growth, or as a restricting factor in an entrepreneur's ability to change business type. This may be largely indicative of the type of loans available, which are relatively small and short term in nature as they are primarily designed to meet working capital needs.

Clients who are seeking larger loans for investments in fixed assets, training or materials that will allow them to switch businesses, still lack access to appropriate loans. Currently the loans available from MFIs are generally short term (12 months) and relatively small, and thus may not be conducive to larger and longer term investments that can contribute to significant business growth and profitability. This apparent lack of larger investment loans in the commerce sector is especially interesting since about a third of the women interviewed in our small qualitative sample believe that if they changed the type of business they are in, they would make more profits. When asked what they would need to switch businesses, larger amounts of capital were noted as a primary need. Many microentrepreneurs also mentioned that limited availability of transportation and high transportation costs were constraining their businesses, and that having a vehicle would help increase sales and improve merchandise quality, yet none had vehicle loans.

> *"It would be better to change the type of business that I am in, to work in a more profitable one…I haven't been able to because I don't have the economic resources….to change businesses, I would first need training, then money, which is what most of us poor people lack the most."*
>
> *– Remigio, Male Fruit Vendor, Oriental Market, Managua*

Savings can play a key role in business investment; it can also help women avoid debt to finance family expenses such as education, health care, weddings, and funerals and is a critical risk management tool that can help women provision for unexpected events. However, while women generally claimed they were happy with their business results, few showed any significant or regular savings.

The INSS survey indicates women are more likely to save than men, but that these savings are less stable than men's. In 2007, 30% of women and 25% of men who participated in the INSS survey had savings, with balances averaging US$161 and US$138 respectively. However, by 2008 only 20% of women reported having savings and their average savings balance had declined sharply to US$77. Meanwhile 30% of men had savings and had increased their savings balances to an average of US$240. This decline in women's savings is likely a result of the recession that began in 2007. Women's savings capacity[42] fell sharply by 50% during this period, compared to men's falling only 22%. This explains part of the differential in savings balances observed in 2008. However, a greater piece of the differential is likely related to the size of women's businesses. As women's businesses are smaller, producing less income even in good times, an economic downturn can quickly strain the household economy.

Juana sells vegetables in the Iván Montenegro market. She is married and has four children, two live at home. Juana's income helps cover household expenses, but is not sufficient to cover all of the household costs. She says, "It's easier for a man to have a business because a man can go to work and doesn't have to take care of his children, while a woman also has to take care of her children." According to Juana, "It would have been helpful for me to have been more prepared [academically]. I have two brothers that are prepared and there is a big difference [in how they approach their businesses]."

During a focus group interview in Managua in December 2009 with clients of FODEM, a MFI that offers loans to women, primarily in urban areas, women told us that they had dipped into their savings to smooth cash flow over the past two years, in most cases, wiping out any savings they had. This was essential because business income in many cases was no longer sufficient to cover household expenses, which women are not typically willing to cut. Only about a third of those interviewed (men and women) in the small qualitative survey said they were able to save each month. Those who cited reasons for not saving mentioned "poor sales" and "need to cover household expenses". The information suggests that women, who may be able to save more frequently when times are good, use these savings for income smoothing purposes rather than for business investment.

Table 9: INSS Survey Results on Capacity to Save and Savings Balances, 2007 and 2008

	Women	Men
How Much Did You Set Aside? (2008)	$14.99	$27.97
How Much Did You Set Aside? (2007)	$29.96	$22.85
% Change 2007-2008	-50%	22%
Savings Balance 2008	$77.12	$240.23
Savings Balance 2007	$161.07	$137.68
% Change 2007-2008	-52%	74%

Family Responsibilities: The savings dynamics described reflect one of the main reasons cited by women for going into business. In our 44 qualitative interviews, family responsibilities were cited by both men and women as an important reason for starting a microenterprise. Eleven of the 29 women interviewed for this study claimed that having children and the need to reconcile work and

42 Savings capacity is defined as the amount of money business women and men could set aside on a monthly basis.

family were a primary reason for selecting their business. Some men also chose their businesses to reconcile work and family, but to a lesser extent. Men more often attributed their business choice to a good business opportunity, or an interest in earning more money or working independently. Women more often claimed that they began the business because they had to reconcile work and family, needed money, or sought independence from their husbands or an employer. These women often started their businesses in a position of relative vulnerability, which likely impacted the decision making process and potentially led to the selection of less than optimal businesses.

Family responsibilities may also influence how women use their business income. In our qualitative interviews, despite having lower incomes, women were more likely to say that they use business income on household expenditures, followed by education. Men also primarily said they use their earnings for household expenses, but secondary uses were paying off loans and re-investment in the business. It is important to consider that if family obligations rather than an entrepreneurial drive are attracting women to microenterprises, they may need to grow, but may not all want to grow their businesses beyond a more comfortable subsistence level. AGORA Partnerships in Nicaragua is a non-profit that supports small businesses (generally categorized as SMEs) by providing training, financing and market linkages. According to Ricardo Terán, Co-founder and Managing Partner of AGORA Partnerships, "*we have committed the mistake of getting entrepreneurs [male and female] on a growth path they don't want.*" María Auxiliadora Vanegas Perez, Executive Director of FODEM, a women's MFI in Nicaragua agrees: "*Not every woman wants to be a successful entrepreneur. They want to be near their home. Some are leaders. We try to select those women and improve the quality of their products, but they represent about 10-15% of our client population*."

FODEM is a MFI based in Managua that provides credit and training to women entrepreneurs. FODEM provides various training and education services to clients in addition to loans. These cover self-esteem and leadership classes, which Executive Director María Auxiliadora Vanegas deems essential for women to be able to take risks, and make decisions in their communities as well as their businesses. FODEM also provides business development training in loan administration, basic accounting, marketing and costing of products. Finally, FODEM provides citizenship classes to develop women's consciousness and increase their participation in civil society.

Family responsibilities are also a drain on women's time. However, there is little evidence that this is directly impacting the time women spend working in their businesses in Nicaragua. In the case of the INSS survey data, women claimed to work the same number of days (28.2) a month as men (28.4) and the same number of months a year (12) as men. A separate study corroborates this finding, showing that urban self-employed women work in "productive" activities 8.8 hours a day on average versus 8.1 hours for men (Aguilar and Espinosa 2002). A more detailed analysis in the same study identifies the areas of usage of time where women differ from men. These are primarily "reproductive" areas including childrearing and household chores, where urban self-employed women spend on average 16.8% of their time versus 5.2% for urban men. The data suggests that women are filling more of their days with household responsibilities than men but that this is not necessarily impacting time in their businesses. As seen in Mexico, women are instead sacrificing sleep, personal care and leisure activities.

Social Conventions: The INSS survey shows that there is little gender differentiation in terms of the types of commercial businesses that women and men select, yet the individual interviews revealed that market vendors perceive that there are differences between men's and women's businesses. One woman in the Oriental Market claimed that "selling food, cosmetics and undergarments were typically women's businesses." Nevertheless, 10% of women and 9% of men in the

INSS survey sold food; 2% of women sold cosmetics as did 3% of men; and 20% of women and 19% of men sold clothes. Harold, a male food salesman noted that he sells baked goods because he needs to work, even though he claims it's a "women's" job. Harold is the only breadwinner in the family, and if it takes selling bread to support his family, he is willing to do it. Women and men cited hardware, shoe sales, and vehicle parts as typical male businesses, yet both genders also had nearly equal participation in these sectors as shown in Table 10 below. The interviews with microenterprise owners suggest that women and men are selecting their business types out of economic necessity and available opportunities rather than because of social convention. The especially difficult economic conditions in Nicaragua may contribute to this trend.

> *[Businesses that are especially for men] are all those that are heavier, lifting bags that are fifty, two hundred or three hundred pounds in the Oriental market, anything that has to do with carrying heavy loads is more for men."*
>
> *- Manuel Antonio, male vendor of dairy products, Oriental Market, Managua*
>
> *There are various women's jobs; selling clothes, coffee shops, restaurants, all these are for women."*
>
> *- María Magdalena, female children's clothing vendor, Huembes Market, Managua*

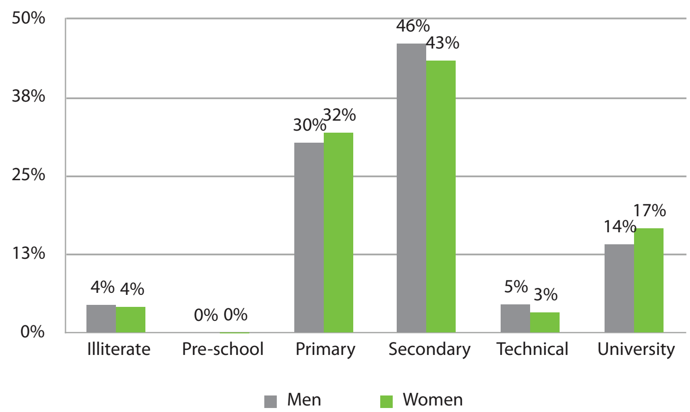
Table 10: INSS Survey Participants: Distribution by Type of Business

Type of Business	Women	Men
Other	24%	26%
Clothing	20%	19%
Fruits and Vegetables	13%	14%
"Various products"	13%	10%
Food	10%	9%
Shoes	6%	6%
Grocery	4%	4%
Cosmetics	2%	3%
Hardware	2%	3%
Vehicle Accessories	2%	2%
Meat	2%	2%
Appliances	1%	1%
Glasses and Kitchen Supplies	1%	1%
Furniture	0%	1%

Risk Aversion: The INSS survey provides some evidence that women in the sample were more risk averse than men. When asked in 2008 the loan size that they would ask for, women chose smaller loan sizes than those that they already had outstanding (US$756 compared to US$904), while men increased their outstanding loan amount from US$905 to $1169. In terms of payment capacity, women perceived their payment capacity as lower than men's at US$59 monthly versus US$78 monthly for men. In relation to women's business income, this represented 15% compared to 13% for men, suggesting that women were not timid in defining their payment capacity. With the onset of the economic crisis, women drawing down on their savings balances and a slowdown in sales, women's instinct to reduce their outstanding loan sizes seemed prudent rather than overly risk averse. While few women discussed risk in individual interviews, many men and women expressed concerns about a decline in sales in the markets. One clothing seller said that if she took out a loan, she would buy clothing, "because there is little risk", suggesting perhaps less willingness to make "bets" on new investments.

Education and Training: Education levels for men and women in the survey sample in the markets were very similar. Women were only slightly more likely to have attended only primary school (32% of women versus 30% of men), while men were slightly more likely to have attended secondary or technical schools (46% of men versus 43% of women for secondary school and 6% versus 3% of women in technical schools). Nonetheless, at the university level, women were once again more likely to attend than men. Surprisingly, 17% of female market vendors have finished university. Low salaries and limited job prospects, even for the university educated, may be driving both men and women into the informal sector. A female maquila worker in the formal sector might earn between US$150 and US$200 per month, less than half of average profits cited by women market vendors in the INSS survey. Nicaragua's official minimum wages vary between US$71 in agriculture and US$166 in the financial sector and are far from sufficient to cover the basic cost of goods for a family estimated by the Central Bank at US$455 per month (USDS 2008). Women and men in the markets are primarily seeking income earning opportunities to cover their household expenses. Some of the microentrepreneurs that we interviewed suggested that the types of formal sector employment available to them may be attainable, but are not attractive in terms of salaries, conditions or independence.

Figure XXIV: Nicaragua: Education Level, by Sex



Source: VII Censo de población y IV de vivienda. Nicaragua, 2005

Both male and female participants in the small qualitative survey believe that training can help them with their business. Training was cited as more influential in improving their business than savings or having additional time. Women in our qualitative interviews stated that they need training in money management and business administration. According to a female vegetable seller, ***"training is very important because if you earned 100 pesos, you can't eat them all, you need to eat less of them and not touch the entire amount, because if you use the entire amount, everything you work for, you lose. I need training to learn more about administration."*** Another woman noted: ***"I would like training in how to manage money better, to know how to invest it and have greater profits."*** Informal record keeping and administration and mixing household and business income and expenses can impede business growth. While the majority of women in our individual interviews claimed that training on business administration would be most useful, some women noted that specific market knowledge of their business would also be helpful.

AGORA Partnerships: Nicaragua

AGORA's Ricardo Terán notes that, "women participate significantly in most of the businesses we support because they are typically family-owned businesses". He believes that "women will tend to see less value in formal financial data and keep everything in their head. This could be because of their education. However, once they receive training, they are more organized and more likely to keep a process in place". Mr. Terán believes that most small business owners aim to generate cash flow rather than grow their business whereas an "MBA mentality" teaches us to grow first, and think about profit later. "If a woman has a big medical bill, she will make a profit to pay for it". According to Mr. Terán, one of the key challenges to training small business owners is distribution: How can content be distributed effectively and cost-efficiently. One experiment he is testing with Mercy Corps is "blasting" short SMS text messages to cell phones with mini lessons for microentrepreneurs.

Access to technology: Limited access to technology is another potential barrier to women entrepreneurs in Nicaragua. Our qualitative interviews revealed that women were more skeptical than men about the potential for technology to improve their businesses. Their familiarity with and usage of technology was also lower. Only a third of women and men interviewed had a computer at home, while about half of women and 60% of men had some access to a computer. When asked if they knew how to use a computer for basic accounting, about half of the men interviewed had knowledge while only a third of the women did. While most men and women had cell phones, only about half the women we interviewed knew how to send text messages (versus 73% of men), and only 60% could read these messages (versus 87% of men). Despite their relatively low access to technology, some women saw the role of technology as essential in today's world of commerce. Women cited checking prices online, having a web site on which to sell merchandise, and keeping records as potential uses for computers. One woman suggested cell phones were useful for contacting clients. Mireya del Carmen, a female clothing seller in the Huembes market said: "*in the future, I see that my business will be larger and better organized because technology is always advancing and I am always thinking about improvements*."

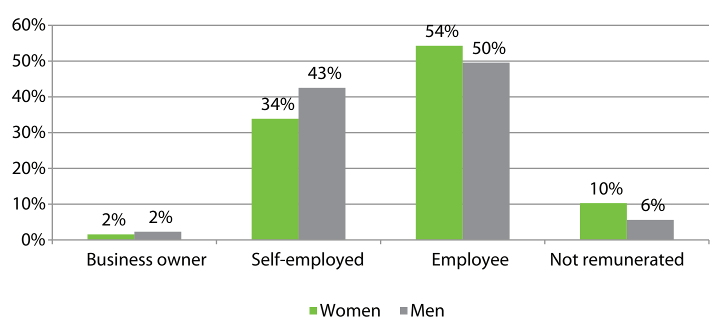
F. PERU

Peru is a large and extremely diverse country, containing over 35 different ethnic groups in the Amazon region alone, who speak a wide variety of indigenous languages. The total population currently is just under 27.5 million, approximately 24% of which lives in rural areas, and 39% lives below the poverty line. Compared to other countries in Latin America, Peru ranks in the middle on most indicators. Peru now ranks 78th out of 182 countries on the UNDP Human Development Index, primarily owing to decreasing poverty rates in recent years (49% in 2004 to 39% in 2007). In terms of gender equality, Peru outranks many of its peers, although gender disparities are still quite widespread. Women's average annual income is only 56% of men's, and women's literacy rates are only 85%, as compared to 95% for men. Although Peru scores fairly high on the GGGI (44th out of 134 countries), this obscures disparities in the indices that make up the GGGI. Health and survival and education indices show almost perfect parity between men and women, while indices of political empowerment and economic opportunity show a significant lag.

According to national statistics and household surveys from 2003-2009, of the working age population, 50.5% are women and 49.5% are men, yet women comprise just 35% of the labor force. Although this is up from 30% in 1993, women are still much less likely than men to be economically active. In 2008 65% of working age women, compared to 83% of men, were economically active. This was up from 57% of women in 2001 and [35%] in 1981. Of women who are not participating in the labor force, 54% report that they dedicate themselves full-time to housework and childrearing. Of those who are employed, men and women are relatively evenly distributed across the informal and formal sectors, with 44% of women and 48% of men employed in the informal sector. Within the informal sector, fewer women than men are self-employed (34% versus 43%), while more women than men do non-remunerated work (10% versus 6%). This is likely indicative of women's greater participation in family businesses, where they are not formally paid. In terms of employment sector, women are concentrated in commerce and services (25.5% and 34.5%, respectively). On the other hand, men are most highly represented in agriculture and services (29.3% and 25.5%, respectively).

Entrepreneurial activity in Peru, for both women and men, is among the highest in the region and globally. According to the 2007 GEM report, 38.5% of women and 43.8% of men surveyed were involved in entrepreneurial activities; however, women were less likely to operate established businesses than men, 12.4% versus 18.1% respectively (Allen et al 2008). Peru's 2007 census data indicates that there are 1.2 million women-owned informal business (compared to 2.8 million owned by men) and approximately 56,000 women-owned formal sector businesses (compared to 152,000 owned by men).

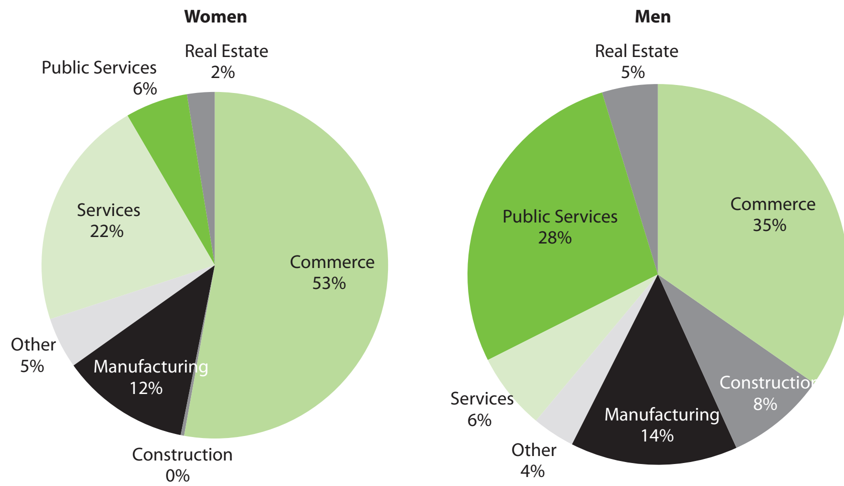
Figure XXV: Peru: Distribution of Workforce, by Type of Employment and Sex



Source: INEI Peru 2007 census

Amongst both informal and formal businesses, men are far more likely to work in agriculture than women, managing 87% of the informal businesses in agriculture and 89% of the formal businesses. Excluding agricultural, 53% of women's businesses in the informal sector are in commerce followed by 22% in private services and 6% in public services. A large proportion of men's non-agriculture informal businesses are also in commerce (35%), but they are more inclined to be in public services (28%) than private services (6%). Women's informal businesses are also less likely to be in construction, real estate and manufacturing (Figure XXVI). The distribution of men and women's formal businesses by economic sector looks quite different.

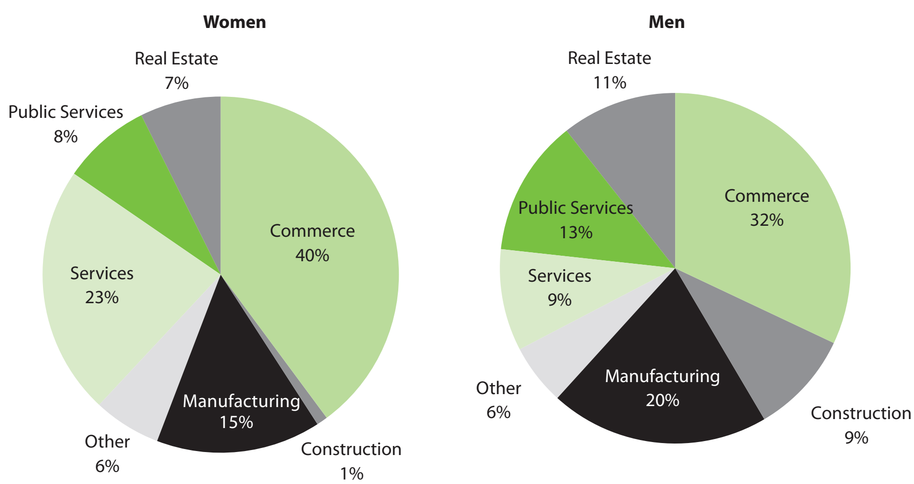
Figure XXVI: Peru: Distribution of Informal Businesses, by Economic Sector (excluding Agriculture)



Source: INEI Peru 2007 census

Data from 1993 show that women's businesses tend to be smaller than men's in terms of employees, in line with global findings. 78.1% of women-owned businesses and 70.1% of male-owned businesses had five or fewer employees, while 15.4% of male-owned businesses, but only 10.3% of women-owned businesses, had more than 11 employees. Although data disaggregated by sex is not available for 2007, the overall trend holds, with 72.7% of all business owners employing five or fewer employees.

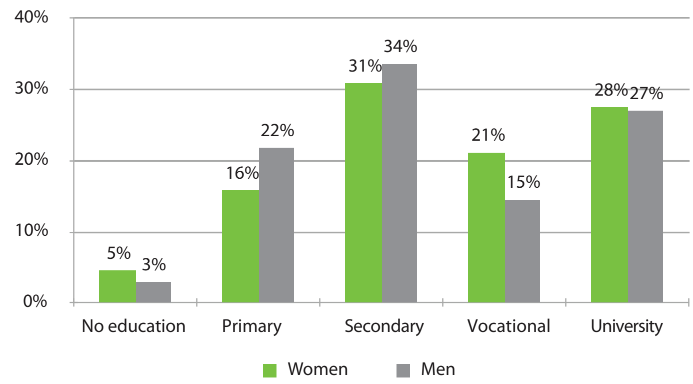
Figure XXVII: Peru: Distribution of Formal Businesses by Economic Sector (excluding Agriculture)



Source: INEI Peru 2007 census

The profiles of men and women business owners differ slightly in terms of age, marital status and education. Men are older on average (43 versus 41 years). Men are also more likely to be married (45% versus 38%) and less likely to be divorced or separated (9.2% for women, 3.5% for men). Men and women business owners have roughly equal rates of university education, but more women than men have no education (4.6% versus 3.0%) and more men than women have completed primary (21.8% and 15.8%) and secondary (33.6% and 30.9%) education. These differences, though generally small, may indicate that men and women go into business for different reasons, with women more likely to start their own business out of necessity rather than opportunity. This may also suggest different barriers to business startup based on gender.

Figure XXVIII: Peru: Distribution of Formal Businesses by Education Level of Business Owner



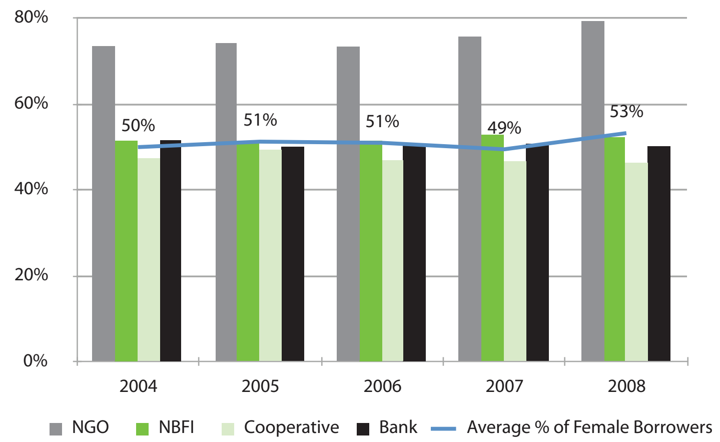
Source: INEI Peru 2007 census

Peru has one of the most advanced microfinance industries in the world. The EIU's Global Microscope on the microfinance business environment ranked Peru's microfinance industry number one worldwide, based on regulatory framework, investment climate and institutional development. Even so, World Bank data indicate that just 26% of people in Peru have access to financial services, including both savings and credit services (World Bank 2007). MIX data indicate that MFIs are currently reaching about 7% of the total population or 14% of people living below the poverty line. This corresponds to 59% of the self-employed population, which is significant in terms of comparable figures for market penetration in other countries.[43] The microfinance sector grew rapidly in the 1980s and 1990s as non-bank and bank institutions realized the sector's profit potential. It is now composed of a range of organizational types, including unregulated NGOs, commercial banks, cooperatives, savings and loan institutions and regulated credit-only EDPYMES (Entidades de Desarrollo de la Pequeña y Micro Empresa).

Although MIX data for Peru prior to 2004 is quite limited, data from 2004 to 2008 show a steady increase in the total number of microcredit borrowers and in the total number of women borrowers. As of December 2008, there were 1.37 million women served by the 59 MFIs reporting to the MIX. Owing to their size, banks serve a greater number of women, however, women represent a higher percentage of NGOs' total clients.

[43] This figure may over represent the percent of demand actually met as there are indications that some clients have begun taking loans from more than one MFI; it includes some clients taking loans for non-business purposes; and excludes individuals that would like to start their own business, but have been unable to because of lack of access to capital.

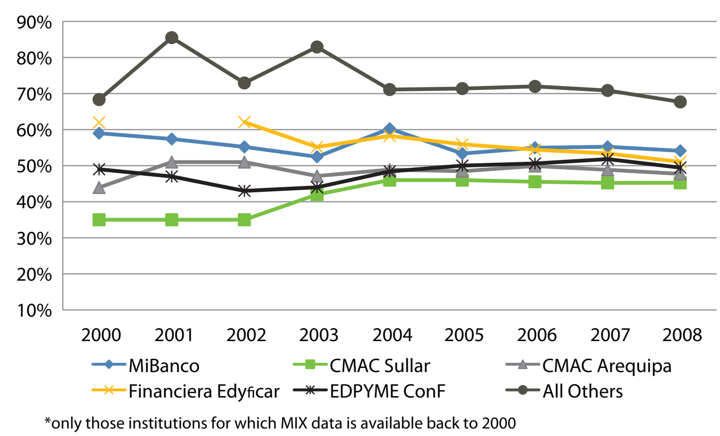
Figure XXIX: Peru: Trends in Women Borrowers as a % of Total Borrowers, by Institution Type



Source: The MixMarket 2008

While the percent of micro borrowers who are women has been relatively stable overall, looking at the trend for individual MFIs, we see that there has been a convergence in the percentage of microcredit clients who are women over time. For example, CMAC Sultana, a municipal savings and loan cooperative, served only 35% women in 2000 and now serves nearly 50% women. Meanwhile, Financiera Edyficar served 61% women in 2002 and now also serves 50% women. This may indicate greater standardization across the industry as it has developed.

Figure XXX: Peru: Convergence in the % of Women Served? Women Borrowers as % of Total



Source: The MixMarket 2008

Perspectives from the Field: MiBanco

EA collaborated with MiBanco, a regulated banking institution dedicated to serving the financial needs of micro and small businesses in Peru, in order to better understand how men's and women's businesses differ and what constraints Peruvian businesswomen face. MiBanco was formed in 1998 when it took over the financial operations of Acción Communitaria del Perú (APC), one of the pioneers in microfinance in Peru. MiBanco now serves approximately 520,000 borrowers, 53% of whom are women, and 220,000 depositors, 50% of whom are women. Between August and September 2009, we analyzed MiBanco's client database to determine what differences could be observed between their male and female clients. The database included client and business level data for approximately 520,000 clients as of July 2009. Following this analysis, we held six focus group interviews in September 2009 with a sample of MiBanco's male and female clients in the Lima metropolitan area between the ages of 20 and 55 in the commerce and services sectors.

Profile of Typical MiBanco Client

The typical female client at MiBanco is 30 to 45 years old. She is equally likely to be single or married/cohabitating. She is literate, has attended high school and now works in the commerce sector. Her sales are approximately $1,900 a month and her take home profit $300. She is borrowing $1,200 from MiBanco, and if also a saver, has around $1,500 in savings.

Access to Finance: MiBanco has stayed relatively true to ACP's roots, continuing to serve mainly microentrepreneurs, although it has upscaled to serve small businesses as well. Approximately 8.5% of the bank's clients are considered to operate "Small" businesses, with the remainder classified as "Micro Micro" or "Micro" enterprises.[44] MiBanco's clients are relatively evenly distributed by gender, but there are distinct differences in how women and men utilize MiBanco's services. In terms of lending methodology, MiBanco offers both solidarity group and individual loans. Women are more inclined to participate in solidarity groups than men (18.1% versus 9.3%), but the majority of both genders have individual loans with MiBanco. Table 11 below illustrates that women are less likely to take out salaried loans, personal loans, housing loans and loans to purchase movable assets, but more likely to have working capital loans and loans to purchase immovable assets.

Table 11: MiBanco: Credit Product Usage, by Sex

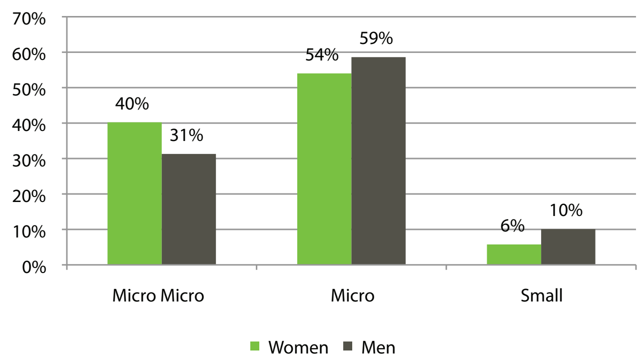
	Women		Men	
Credit Product	# of Clients	% of Product	# of Clients	% of Product
Credit Card	13,241	51%	12,739	49%
Housing Loan	112	41%	159	59%
Home Improvement Loan	9,483	53%	8,278	47%
Personal Loan	20,796	49%	21,873	51%
Working Capital Loan	69,373	57%	53,397	43%
Movable Asset Loan	30,213	46%	35,893	54%
Immovable Asset Loan	18,497	56%	14,714	44%
Rural Loan	45,115	65%	24,322	35%
Line of Credit	26,993	53%	24,028	47%
Total	233,823	54%	195,403	46%

[44] MiBanco classifies Micro Micro businesses as those with sales up to approximately $1200 in commerce and production and up to $600 in services. Micro businesses are those with sales of between $1200 – $10,000 in commerce and production and between $600 and $5000 in services. Small businesses are those with sales of more than $10,000 in commerce and production and more than $5000 in services.

In terms of savings, women are slightly less likely to be savers than they are borrowers (comprising 53% of borrowers but only 50% of depositors) but are equally likely as men to have savings accounts (50%)and slightly more likely to have fixed deposits (55%). They are less likely to save in US dollars, however, than men. Women are also significantly less likely to have checking accounts than men (comprising only 33% of this product).

The analysis of MiBanco's data showed that there are significant gender differences in loan size and savings balance, as well as monthly business sales and profits. These findings are consistent with the global literature. Overall we found that women's loan sizes are 32% smaller than men's and their savings balances 26% smaller. Likewise their businesses are 24% smaller in terms of sales and 34% smaller in terms of profit (Table 13). Their businesses are also much more likely to fall into the "Micro Micro" category than men's businesses (40% versus 31%) and only 5.8% of women's businesses are classified as "Small" businesses, compared to 10.1% of men's businesses (see footnote 42 for definitions).

Figure XXXI: MiBanco: Distribution of Clients, by Business Size and Sex



The differentials in loan size and savings balances can largely be explained by the fact that women's businesses are smaller than men's both in terms of sales and profit. The ratio between loan size and annual business sales is nearly identical for men and women, while the ratio of savings balance to average monthly profit is much higher for women at 413% versus 365%. This indicates that while women are saving less in absolute terms, they are saving more relative to their income.

Table 12: MiBanco: Percentage of Savings Products, by Sex

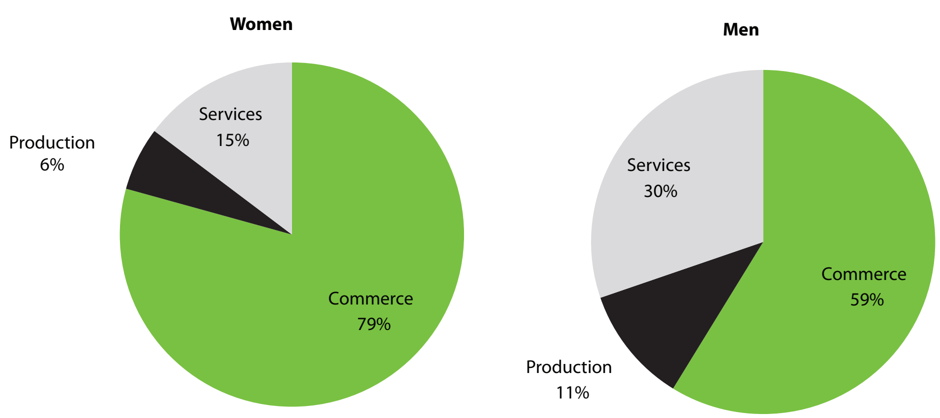
	Women			Men		
Savings Products	**# of Clients**	**% of Product**	**Avg. Balance**	**# of Clients**	**% of Product**	**Avg. Balance**
Checking Accounts	261	33%	$4,507	523	67%	$3,886
Savings Accounts	91,773	50%	$1,183	91,262	50%	$1,476
Fixed Term Deposits	24,359	55%	$563	19,787	45%	$661
Total	116,393	51%	$1,060	111,572	49%	$1,343

Table 13: MiBanco: Summary Client Data Disaggregated by Gender

	Women	Men	% Difference
% of Total Clients	52.8%	45.7%	7.1%
Avg. Loan Balance	1,473	1,945	-24.2%
Avg. Savings Balance	1,540	2,067	-25.5%
Avg. Monthly Sales	2,961	3,872	-23.5%
Avg. Monthly Profit	373	567	-34.2%
Savings / Profit	413.0%	364.9%	13.2%
Profit / Sales	12.6%	14.6%	-13.9%
Loan Bal / Annual Sales	4.1%	4.2%	-0.9%
Loan Bal / Annual Profit	32.9%	28.6%	15.1%

Economic sector: One hypothesis for the differences in business size and profitability between men and women is that women are constrained by the economic sector their businesses are concentrated in. Although the majority of both MiBanco's male and female clients work in commerce, 79% of women work in commerce compared to 59% of men, who have a greater participation in services and production (Figure XXXII). Interviews with clients also revealed gender disparities in the business types within economic sectors. With the exception of transportation, we found very little overlap in the types of businesses of the 52 men and women we interviewed. The majority of women had mini-markets or beauty salons or sold beauty products, while many men were involved in hardware and construction.

Figure XXXII: Distribution of MiBanco's Clients by Economic Sector

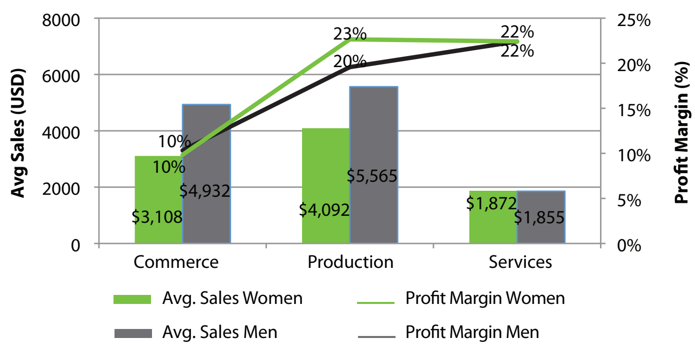


Economic sector alone does not explain the differential in the size of men's and women's businesses.[45] Commerce businesses, in which women are concentrated, are smaller in terms of monthly sales than production business (US$3,821 versus US$4,996), but they are larger on average than services businesses with average sales of only US$1,861. Moreover, men's businesses are larger than women's both in the commerce and production sectors, 37% and 26% respectively. Interestingly, in the services sector, there is very little differential in men and women's sales figures.

[45] By multiplying the average monthly sales numbers per sector by the percentage of male or female clients in that sector, we find that the average monthly sales for women should actually be higher than that of men ($3600 versus $3360).

The types of businesses women operate may also explain why women's businesses are less profitable than men's. Across economic sectors, the ratio of average monthly profit to sales is 12.6% for women-owned businesses, but 14.6% for men-owned businesses. However, commerce businesses are on average much less profitable than services and production businesses. The average profit margin in commerce is approximately 10% compared to 21-22% for production and services. As a greater percentage of MiBanco's female clients work in the commerce sector, concentration in low margin industries does appear to contribute to the overall differences we observed in the relative profitability of men's and women's businesses. Within the commerce sector, women's businesses actually appear to have slightly higher profit margins than men's, while in services the margins are equal and in production higher for men.[46]

Figure XXXIII: MiBanco: Average Monthly Sales and Profit Margins, by Economic Sector and Sex



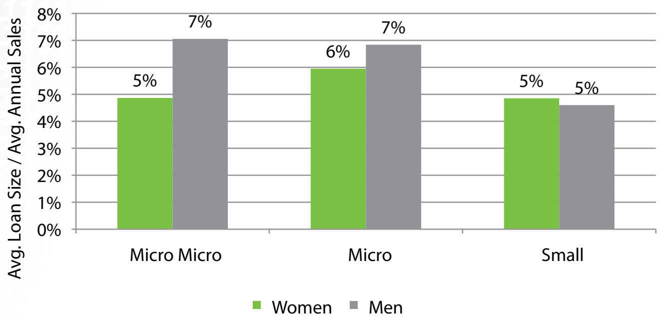
Risk aversion: We also considered whether men and women's appetite for risk may be affecting the size and growth of their businesses as some global studies have found that women entrepreneurs are more risk averse than men. As in the Bancamía case study in Colombia, we looked at the relationship between loan size and income and considered ratios of loan size to sales to gauge women's risk appetite and willingness to take on debt. We found that women's average loan size to sales is only slightly smaller than men's and that, compared to income, loan sizes are actually 13% larger, suggesting that women borrowers are ***less*** risk averse than men. Segmenting MiBanco's clients by business size, however, suggests that the amount of risk women are willing to take may be related to business size. For "Micro Micro" businesses, women's loan size as a percentage of their annual sales is only 4.9% compared to 7.1% for men. For "Micro" businesses the differential between men and women falls to 0.8% and reverses in the case of "Small" businesses with women borrowing more as a percentage of sales than men (Figure XXXIV). A similar trend exists for loan size to income by business size. It appears that women may be more risk averse that their male counterparts when their businesses are smaller, but once they reach a certain size, the risk aversion dissipates. This is similar to results found in the global literature that entrepreneurs, and women entrepreneurs in particular, in higher income brackets are less risk averse and have less fear of their business failing than those in lower income segments.

MiBanco management agreed that women may be more risk averse than men: ***"Women think about how much [money] they need more carefully, they won't borrow more than they need. Men do. They take greater risk. If they need a loan, they decide right away [instead of weighing the risks]."*** Client interviews, however, indicate that risk taking may have more to do with the self-confidence women gain from becoming borrowers of a financial institution. As women became

[46] By multiplying the average profit margin for each sector by the percentage of male or female clients in that sector, we find that the average profit margin for women should be 12.6% (which it is), but that the average profit margin for men should be 15.1% (it is 14.6%). So controlling only for economic sector, women's profit margins are actually higher than men's.

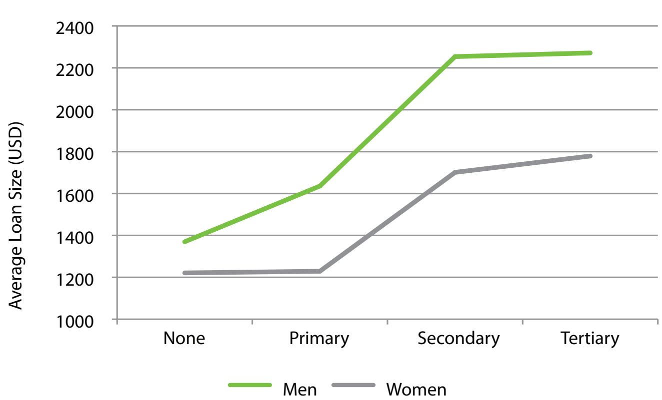
more experienced in borrowing, their self-confidence grew, and they reported that they were more willing to take out larger loans to invest in their businesses because they saw that they could repay their loans. Several women explicitly mentioned that the trust that MiBanco had shown in giving them a loan had contributed to their growing self-confidence.

Figure XXXIV: MiBanco: Risk Aversion by Business Size - Ratio of Loan Size to Annual Sales



Education: Disparities in educational attainment may also explain some of the gender differential observed in business size. MiBanco's female clients on average have a slightly lower level of education than their male peers: 19.5% of female clients have no education or primary education only, compared to only 12.2% of male clients. This differential is in line with national figures (43% for women compared to 33% of men 20 years and older). Using loan size as a proxy for the business size, there appears to be a strong positive relationship between business size and education level. The average loan size for clients with at least a secondary education is approximately 58% larger than for clients with no education and 43% larger than for clients with only a primary education. Interestingly, this relationship appears to be much stronger for men than women. Women with at least a secondary education have an average loan size only 42% larger than women with no education, while for men with a secondary education, the differential is 65% (Figure XXXV). Education alone does not explain the difference in business size between men and women, as at all education levels, men's businesses are larger than women's.

Figure XXXV: MiBanco: Loan Size to Education Level



Family responsibilities: As in other Latin American countries, the family responsibilities that fall on women are far greater on average those that fall on men. The male clients of MiBanco who participated in the focus groups had distinct views on the roles of men and women. They generally considered themselves to be the sole provider for the family, even if their partner also worked, and they did little to help with the childrearing and household activities. One man said, *"My wife didn't work…when we needed [money], I would go out. She stayed home until my children were 12, then recently she started working. Up to a certain point it was bad. I think that we should have shared the responsibility, the sacrifice of raising the children, but on the hand, I went out to look for the beans!"* Another said, *"It is better if a woman doesn't work because she has more to give to the children."*

These additional responsibilities assigned to women in Peru may be impacting the business sizes and growth of MiBanco's female clients. Several of the women interviewed felt that one of the biggest challenges to their business was their husband and his lack of understanding and support for the business. Many complained that their husbands tried to limit the hours they could work or insisted that they finish all their household responsibilities before they worked on their business. They felt they had to prove to their husbands they were capable of handling both. MiBanco staff noted that men can be a "hindrance" to a woman and her business unless a marriage is solid and partners share their responsibilities. This need to balance their dual roles led many of the women interviewed to seek home-based businesses so that they can care for their small children and have more control over their adolescent children. Those that have to work away from the home often take small children with them, which can distract from their business.

> *"When I go to work a girl helps me to take care of my baby, but if something happens to my baby, my husband will blame me because he tells me that I have to be in the house, to take care [of the baby]…he wants me to work and watch the baby, but I can't. When my husband doesn't work, he takes care of the baby, but not like the girl or me; he doesn't play, simply watches."*
>
> *- Focus Group Interview, married woman microentrepreneur in services, client of MiBanco*

> *"Women are more involved in everything, I work in the restaurant, I sell my products, I dedicate myself to my home. But, men only focus on work, nothing else, they can't do anything else, I need to show that I can (do everything)."*
>
> *- Focus Group Interview, single woman microentrepreneur, client of MiBanco*

G. SYNTHESIS OF FINDINGS

The country profiles and case studies in Section VI highlight that the principle gender differences between microentrepreneurs in Latin America are related to the broad economic sectors in which they work (i.e. commerce, services, production or agriculture), as well as the size of these businesses. Women's businesses are largely concentrated in the commerce sector, with variations in terms of their involvement in services and manufacturing on a country specific level. Overall women's businesses are 20% to 40% smaller than men's in terms of sales. Evidence regarding profitability is not as uniform. Data from Peru and Guatemala suggests that women's businesses have lower profit margins than men's, while women's businesses in Colombia are more profitable than men's.

This may be related to the distribution of women's businesses between sectors. When controlling for differences in the sector composition of MiBanco clients, for example, we found the gender gap in profitability was eliminated. Women's choice of business sector likely may have little to do with profitability and more to do with proximity to their home, the need to balance their productive and reproductive activities, and their skill level and training. Men and women also show preferences for working in sectors seen as "typical" for their sex, but in the poorer countries in particular, do not always have the luxury to choose which business to go into.

Women see a lack of access to capital and training as critical constraints to setting up new businesses as well as growing existing ones. Anecdotally, women spend more of their income on education for their children, and they devote significant resources to household expenses. Men will typically contribute to the household, but re-invest more of their profits relative to women in their businesses. Women save more often, but in smaller amounts, and savings are more typically used as a risk mitigation strategy than for investment. Men have greater access to their savings for investment. This suggests that men who save have access to cheaper sources of funding for their businesses than women. Women instead turn to borrowing to finance their businesses, and have relatively good access to credit. This limits the size of loans they can take, constraining their potential for capital investment. As a result, women continue to view lack of access to capital and training as critical constraints to setting up new businesses as well as growing existing ones. The types of products more commonly offered by MFIs, typically small size loans with short tenors, do not suit the investment needs of a growing business.

The challenges facing female microentrepreneurs in Latin America are not homogeneous across all countries or business types. The degree to which the six major barriers identified in the global literature affect women entrepreneurs in Latin America varies in the countries of study, as does progress made towards eliminating these barriers. Below we present a synthesis of our findings, noting several recurring issues that are important for stakeholders to recognize and donors to consider as they develop their strategies for promoting successful female entrepreneurship and tailoring projects to increase their impact on women accordingly (further elaborated in Section VIII).

VII. Policy Implications and Recommendations

Stakeholders such as policy makers, donors, and MFIs, among others, can play an important role in helping tear down the barriers female entrepreneurs face in Latin America. Below, we identify three main areas where stakeholders can design interventions to support women's business growth:

- Research and Data Collection on Women's Businesses
- Development of Financial Products Tailored to Women's Business Needs
- Training for Women (and Men) Entrepreneurs

RESEARCH AND DATA COLLECTION ON WOMEN'S BUSINESSES

This study represents an initial effort to understand the situation for female entrepreneurs in Latin America. Further monitoring and research will be useful in advancing interventions to improve women's business growth, in particular in the following areas:

Support gender disaggregated data collection by MFIs, networks, and others: One of the biggest limitations to research is a lack of available gender disaggregated data at the enterprise level, especially in the informal sector. MFIs provide a good medium for gathering such data given that the majority of their clients are generally in the informal sector. However, many MFIs are not equipped to gather, store, analyze and utilize this data. Donors can support MFIs in developing this capacity to collect and track data as well as to understand the business case for analyzing data disaggregated by gender (i.e. better knowledge of their client base to inform product development, marketing, delinquency management, etc.). Once collected, this data can better serve the MFI as well as donor agencies, governments and policymakers to inform interventions focused on helping women grow their businesses.

Longitudinal studies: One of the biggest limitations in our research was the inability to look at gender disaggregated enterprise level data over time. Thus we are unable to evaluate whether the gender gaps observed are increasing, decreasing or stagnant or whether women's and men's business exhibit different growth patterns. Studies that seek to gather detailed enterprise level data over time can help plug this gap. This is especially needed to evaluate the efficacy of interventions designed to promote women's entrepreneurship, such as the trainings described below.[47] Randomized Control Trials to monitor the impact of providing business management training to microenterprises and SMEs in Peru are one good first step.[48]

Additional Research of Women-Owned SMEs: Our research was unable to delve into the constraints faced by women-owned SMEs in great detail. While many of the constraints related to social conventions and family responsibilities are likely similar to those faced by women in microenterprises, the financing and training needs of SMEs differ. Some of the recommendations focused on helping women to graduate from micro to small businesses would also likely apply to SMEs, however, this topic warrants further study.

Gender Indicators: Stakeholders should incorporate select gender indicators into their activities with financial institutions and other organizations that promote entrepreneurship including the

[47] Fundación Mario Santo Domingo in Colombia estimates that only 20% of the people that they train have actually seen their business grow, although given the high failure rates among women-owned businesses, another metric of success may be a reduction in the number of failures.

[48] This is now being done in the project "Strengthening Women Entrepreneurship in Peru" approved in September 2009, financed by FOMIN, MiBanco and the Australian Government (AusAID), in partnership with Thunderbird School of Global Management and Universidad del Pacífico (Peru).

training institutes of local chambers of commerce. The precise indicators should be established based on the type of program, but should be chosen so that they are relatively easy for beneficiary institutions to track over time. For programs with financial institution data disaggregated by gender such as the percentage of clients, percentage of loan portfolio, percentage of savings clients, average loan size, average savings size, income levels, and averages business sales and profit are a good starting point. Depending on the activity, it might also be useful to look at these indicators by economic sector or lending methodology. All indicators should be tracked over time. Qualitative information should also be collected periodically to ensure that changes in trends are identified and validated and that programs and interventions respond accordingly.

DEVELOPMENT OF FINANCIAL PRODUCTS TAILORED TO WOMEN'S NEEDS

Our research found that there are important differences not only in the type of financial access available to men and women entrepreneurs, but also in how women and men use financial products, including savings and credit. There is room to develop financial products specifically tailored to the needs of women. The commonly found short-term microfinance working capital loan is one such product that has already been proven to help female entrepreneurs, however, to promote business growth and women's graduation from microentreprises to SMEs, other products are needed.

Contractual and/or Parallel Savings Accounts: Savings is an important tool to manage risk and one's personal finances, but also an essential component of business growth and expansion. While significant resources are being devoted to support the development of viable savings products for the poor, they are unlikely to be focused on meeting the specific needs of women. Our findings suggest that women could benefit from contractual savings products with low minimum balance requirements and low transaction costs. Such a product would encourage women to save regularly and reduce their tendency to withdraw their savings for consumption purposes, allowing them to save more to invest in their businesses. A few existing studies show that these products allow women greater control over their savings, and relieve pressures that they may feel from family or community members to use their savings. Contractual savings products are generally aimed at saving for an expected event, such as weddings, childbirth or school expenses, but they can also help women to save for machinery, equipment or business expansion, making these products more valuable in the long term. These products would be well complemented with business training and advisory services. Contractual products should not take the place of small voluntary savings, but rather complement these so that women can continue to smooth out consumption during periods of lower cash flow. Facilities should encourage men to use contractual savings products that benefit the household, such as education savings, as a part of an effort to realign the burden of childrearing responsibilities between genders.

Insurance Products: Women's businesses can also benefit from microinsurance products tailored to their needs. While insurance products may not directly help a woman to grow her business, the downside protection that they provide can help her avoid business failures and/or setbacks due to unforeseen events. Women's low levels of savings often make them even more vulnerable to the high costs of unexpected events such as a death in the family, accidents or disasters. Without sufficient savings, they often turn to costly debt financing to cover the costs. By providing women with well structured microinsurance products, MFIs and other stakeholders can free up some of their "emergency money" for investment in their business. Other forms of insurance, such as health insurance, may also help promote female entrepreneurship by helping women to protect their savings. The INSS study in Nicaragua found that savers were more inclined to take up insurance than non-savers, controlling for other factors such as income. This suggests that insurance and savings may be complementary products, as savers may be more prudent by nature, thus also inclined towards insurance.

Business Expansion Loans: As mentioned in the previous section, one of the gaps in the financial product offerings of many MFIs are longer term, larger loans designed for investment purposes. Due to their lesser previous work experience, smaller business sizes, limited savings capacity and lesser tendency to work with formal financial institutions, these gaps in MFI's product offerings affect women more than men. Such loans require an entirely different form of credit analysis which contradicts many of the principles on which microfinance is founded. Nonetheless, the development of such products might enable more female microentrepreneurs to graduate their businesses while also better meeting the needs of women who already operate SMEs. They might also provide them with the funds need to switch from low-margin, low-capital commerce businesses into more lucrative services businesses. However, not every microentrepreneur has the capacity to manage high growth, nor the skill set to facilitate a change in business. Thus, in order to balance the risk associated with this type of loan, it may be beneficial to invest in projects that help financial institutions to identify their existing female clients with an entrepreneurial spirit and the potential to truly grow their businesses and to offer these women business training alongside their business expansion loans. This can be a costly process, requiring time and capital to implement; as a result, donors and local governments should be prepared to support institutions to develop pilot programs that help women to "graduate" in early phases. A training initiative launched with FOMIN support by MiBanco and the Thunderbird School of Global Management in Peru is a good first step of this type of intervention.[49] Lessons learned from this project should be well documented. There may actually be a solid business case for offering such training alongside credit, but institutions will be unlikely to invest in such projects on their own without further proof.

Remote or Mobile Banking: Efficient time management is very important for female entrepreneurs trying to balance a disproportionate share of household and family responsibilities with their business responsibilities. Women are often willing to invest in time saving devices and appliances in order to free up time for their businesses. This may imply that there would also be a greater demand for points of service, mobile banking, or other remote services among women in countries with higher levels of technology adoption and literacy, such as Colombia. Regardless of the country, these services would need to be very simple and easy for women to learn. Donors could support follow-up studies which explore whether a demand for such time saving, technology-driven products exists among women in Latin America and how existing models may be adapted to their needs.

TRAINING FOR WOMEN (AND MEN) ENTREPRENEURS

There are still major skills and other training gaps that hinder female entrepreneurs and justify a renewed focus on training. As mentioned above, it is not just a lack of "entrepreneurship" or business training, such as accounting or marketing, that is constraining women's growth, depending on the country and target population, there may also be a need for financial education, business and financial management, empowerment and self-esteem training, or technical training. Stakeholders can support female entrepreneurship by recognizing the critical role training can play in their business development and taking this into consideration in their project development and investment decisions.

[49] The project,"Strengthening Women Entrepreneurship in Peru", was approved in September 2009 with financing from FOMIN, MiBanco, the Australian Government - AusAID (for the SALTA training program component of the project), and the Goldman Sachs Foundation (for the Business Certificate Program component), in partnership with the Thunderbird School of Global Management and Universidad del Pacífico (Peru).

Lessons for the Field on Increasing Women's Participation in Trainings

1. *Locate trainings close to a woman's home or business in order to minimize travel time*
2. *Keep trainings short*
3. *Important messages should be repeated to maximize retention*
4. *Should not be entirely free or women may not consider them valuable*
5. *Male figures in their lives must also understand the value of the trainings so that they do not prevent women from attending.*

Incorporate Training Evaluations into Due Diligence: Many MFIs have recognized the need for integrated services and have been offering such trainings in conjunction with their financial products, although the trend over the last 10 years has been away from the credit plus model towards a more commercial financial services only model. MFIs are not the only type of institution through which to offer female entrepreneurs training, but they are an attractive channel through which to approach women entrepreneurs given their existing relationship with this segment of the population. When assessing support of MFIs, donors should consider an institution's capacity to either directly implement or facilitate business training in their due diligence process. Training is costly, yet donors and commercial investors in microfinance should consider training not as a drain on resources, but as a potential source of a "double" or even "triple" bottom line return. If women's businesses grow, their contribution to their households grows, as will their contribution to economic activity. Our study identified some basic areas of need including business related training in self-esteem and decision making, financial management, administration and marketing, as well as financial education to complement financial services. Some studies suggest a business case for such value-added trainings, as they can be a preventative method of controlling delinquency and/or increase client loyalty.

Support Gender Training for both Men and Women: Traditional gender roles and family dynamics are one of the main constraints to women's entrepreneurship in Latin America identified in this study. These influence the type of business women initiate, the location of the businesses, as well as ongoing business management and investment decisions. Women's contributions in terms of time and financial resources to the home are often made possible by their businesses, but are also a drain on the business itself. Increasing the profitability of these businesses is one way to help women grow, but a more equitable division of family responsibilities would go far in supporting women's business growth. This more equitable distribution of home and childcare responsibilities requires both empowering women as well empowering men. Women require support in challenging traditional structures, negotiating roles and raising young girls and boys in an equitable way. Men must also be empowered to value their roles as fathers, husbands and family men and the emotion and intellectual contributions that they can make to a household, rather than only financial. Thus gender trainings and/or trainings seeking to challenge the traditional social conventions and gender-based family responsibilities should target both men and women, adapting to the needs and interest of each sex. While men may not be comfortable attending a gender training course, they may be willing to take part in leisure activities sponsored by institutions such as music, comedy and sporting events that also incorporate concepts of equality. Women, on the other hand, may be more interested in the social aspects of training and may prefer to meet in a child friendly location to discuss issues with their peers.

Support New Models for Training Delivery: One of the biggest challenges to training female entrepreneurs is finding efficient mechanisms for training delivery that respect women's busy lives. MFIs, especially through communal bank meetings, can be a good medium for training delivery, but for clients with solidarity group or individual loans, finding a good training delivery mechanism can be more difficult. Donors and stakeholders can support projects that test new delivery mechanisms for trainings, which might include online resources or mini-courses distributed through local television. Donors can also help create and support alliances between MFIs and other organizations to more efficiently deliver high quality trainings for female entrepreneurs. Such alliances allow each organization to concentrate on their strength (i.e. finance or training), while still leveraging any built in distribution channels of the MFI. In conjunction with donor's direct support of these training models, they should also considering supporting studies to evaluate the impact of the training and/or the sustainability and efficacy of the models, which would help the lessons generation sharing process, as well as potentially help determine whether or not there is a business case for MFIs to offer training in conjunction with their financial services.

VIII. Appendices

APPENDIX 1:

2009 Global Gender Gap Index Rankings for Latin America

	Overall		Economic Partici-pation		Educational At-tainment		Health and Survivial		Politcial Empower-ment	
Country	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Trinidad & Tobago	19	0.73	44	0.69	58	0.99	1	0.98	27	0.25
Barbados	21	0.72	5	0.79	1	1.00	1	0.98	67	0.13
Ecuador	23	0.72	78	0.63	45	1.00	1	0.98	21	0.28
Argentina	24	0.72	90	0.60	57	0.99	1	0.98	14	0.31
Costa Rica	27	0.72	85	0.61	48	1.00	1	0.98	20	0.28
Bahamas*	28	0.72	2	0.83	1	1.00	1	0.98	109	0.07
Cuba	29	0.72	89	0.60	1	1.00	74	0.97	18	0.29
Guyana*	35	0.71	86	0.61	41	1.00	1	0.98	28	0.25
Panama	43	0.70	51	0.68	52	0.99	1	0.98	52	0.15
Peru	44	0.70	77	0.64	89	0.98	91	0.97	33	0.22
Jamaica	48	0.70	21	0.74	1	1.00	96	0.97	93	0.09
Nicaragua	49	0.70	105	0.56	1	1.00	65	0.98	25	0.26
El Salvador	55	0.69	99	0.58	81	0.99	1	0.98	32	0.23
Colombia	56	0.69	39	0.69	28	1.00	1	0.98	84	0.10
Uruguay	57	0.69	63	0.65	1	1.00	1	0.98	58	0.14
Honduras	62	0.69	88	0.60	1	1.00	1	0.98	41	0.17
Chile	64	0.69	112	0.52	44	1.00	1	0.98	26	0.26
Paraguay	66	0.69	59	0.67	40	1.00	1	0.98	85	0.10
Dominican Rep.	67	0.69	68	0.65	1	1.00	1	0.98	73	0.12
Venezuela	69	0.68	81	0.62	34	1.00	1	0.98	63	0.14
Suriname	79	0.67	102	0.57	74	0.99	80	0.97	51	0.16
Brazil	82	0.67	76	0.64	32	1.00	1	0.98	114	0.06
Bolivia	83	0.67	95	0.59	91	0.97	112	0.97	56	0.15
Belize	88	0.66	80	0.62	35	1.00	1	0.98	121	0.05
Mexico	99	0.65	114	0.51	90	0.98	1	0.98	65	0.13
Guatemala	111	0.62	115	0.51	101	0.94	1	0.98	118	0.06

APPENDIX 2:

Comparative Country Level Statistics by Gender

Table 1: Country Overview

	Bolivia					Colombia					Guatemala				
	Total	Women		Men		Total	Women		Men		Total	Women		Men	
		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total
Population	8,274,325	4,150,475	50.16%	4,123,850	49.84%	44,977,758	22,774,524	50.64%	22,203,234	49.36%	11,237,196	5,740,357	51.08%	5,496,839	48.92%
GNI per capita	$1,260					$4,100					$2,450				
Rural Population	3,109,095	1,502,351	48.32%	1,606,744	51.68%	--	--	--	--	--	6,052,361	3,052,625	50.44%	2,999,736	49.56%
% of Total	37.58%	--	--	--	--	--	--	--	--	--	53.86%				
Urban Population	5,165,230	2,648,124	51.27%	2,517,106	48.73%	--	--	--	--	--	5,184,835	2,687,732	51.84%	2,497,103	48.16%
% of Total	62.42%	--	--	--	--	--	--	--	--	--	46.14%				
% Living in Poverty	37.51%	--	--	--	--	27.70%					12%	3,410,391		3,205,008	
Literacy	86.72%	80.65%		93.06%		92.65%	92.85%		92.43%			68		79	
Gross Educational Enrolment Ratio	82.37%	81.37%		83.34%		82.06%	84.05%		80.14%		70.47%	67.78%		73.16%	
Spanish as First Language	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Life Expectancy		67.5		63.3			76.5		69.1			73.7		66.7	
Fertility Rate	3.59					2.27					4.24				
Maternal Mortality (Per 100,000 births)	290					130					290				
Infant Mortality (Per 1000 births)	50					17					31				
Human Development Index	0.729					0.807					0.704				
HDI Rank	113					77					122				

Table 2: Population Detail

	Bolivia					Colombia					Guatemala				
	Total	Women		Men		Total	Women		Men		Total	Women		Men	
		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total
Total Population	8,274,325	4,150,475	50.16%	4,123,850	49.84%	44,977,758	22,774,524	50.64%	22,203,234	49.36%	11,237,196	5,740,357	51.08%	5,496,839	48.92%
Age of Population															
Under 9	2,170,998	1,055,223	25.42%	1,115,775	27.06%	8,618,773	4,215,504	18.51%	4,403,269	19.83%					
10-14	1,026,718	504,267	12.15%	522,451	12.67%	4,455,131	2,179,171	9.57%	2,275,960	10.25%					
15-19	873,255	433,583	10.45%	439,672	10.66%	4,371,386	2,128,531	9.35%	2,242,855	10.10%					
20-29	1,391,959	710,974	17.13%	680,985	16.51%	7,544,826	3,780,303	16.60%	3,764,523	16.95%					
30-39	992,121	509,667	12.28%	482,454	11.70%	6,120,630	3,153,985	13.85%	2,966,645	13.36%					
40-49	750,600	379,695	9.15%	370,905	8.99%	5,614,604	2,926,935	12.85%	2,687,669	12.10%					
50-64	655,929	330,565	7.96%	325,364	7.89%	5,297,173	2,771,994	12.17%	2,525,179	11.37%					
65+	412,745	226,501	5.46%	186,244	4.52%	2,955,235	1,618,101	7.10%	1,337,134	6.02%					
Indigenous Population	49.87%	1,461,656	50.52%	1,373,592	49.15%	1,458,212	723,273	3.18%	734,939	3.31%	39.90%	--	--	--	--
Rural Population	3,109,095	1,502,351	36.20%	1,606,744	38.96%	--	--	--	--	--	6,052,361	3,052,625	50.44%	2,999,736	49.56%
Urban Population	5,165,230	2,648,124	63.80%	2,517,106	61.04%	--	--	--	--	--	5,184,835	2,687,732	51.84%	2,497,103	48.16%
Spanish not First Language	28.12%	1,481,707	35.70%	1,302,724	31.59%	--	--	--	--	--	31.10%	--	--	--	--

Mexico					Nicaragua					Peru				
Total	Women		Men		Total	Women		Men		Total	Women		Men	
	Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total
103,263,388	53,013,433	51.34%	50,249,955	48.66%	5,142,098	2,607,044	50.70%	2,535,054	49.30%	27,412,157	13,789,517	50.30%	13,622,640	49.70%
$9,400					$990					$3,410				
24,276,536	12,326,998	50.78%	11,949,538	49.22%	2,266,548	1,100,679	48.56%	1,165,869	51.44%	6,601,869	3,205,434	48.55%	3,396,435	51.45%
23.51%					44.08%					24.08%				
78,986,852	40,686,435	51.51%	38,300,417	48.49%	2,875,550	1,506,928	52.40%	1,368,622	47.60%	20,810,288	10,584,083	50.86%	10,226,205	49.14%
76.49%					55.92%					75.92%				
47.04%	47.21%		46.87%		48.3%	47.10%		49.60%		39.30%	--	--	--	--
92.80%	91.40%		94.40%		78.00%	77.90%		78.10%		89.59%	84.65%		94.86%	
80.11%	80.14%		80.08%		72.73%	73.42%		72.05%		86.78%	88.29%		85.31%	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	78.5		73.6			75.9		69.8			75.8		70.4	
2.17					2.8					2.53				
60					170					249				
29					29					21				
0.854					0.699					0.806				
53					124					78				

Mexico					Nicaragua					Peru				
Total	Women		Men		Total	Women		Men		Total	Women		Men	
	Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total		Population	% of Total	Population	% of Total
103,263,388	53,013,433	51.34%	50,249,955	48.66%	5,142,098	2,607,044	50.70%	2,535,054	49.30%	27,412,157	13,789,517	50.30%	13,622,640	49.70%
20,697,981	10,182,941	19.21%	10,515,040	50.80%	1,246,651	609,756	23.39%	636,895	25.12%	5,408,548	2,652,289	19.23%	2,756,259	20.23%
10,952,123	5,406,213	10.20%	5,545,910	50.64%	681,548	332,923	12.77%	348,625	13.75%	2,948,985	1,445,650	10.48%	1,503,335	11.04%
10,109,021	5,113,115	9.64%	4,995,906	49.42%	586,162	292,485	11.22%	293,677	11.58%	2,730,785	1,357,411	9.84%	1,373,374	10.08%
17,067,987	9,008,823	16.99%	8,059,164	47.22%	951,701	486,403	18.66%	465,298	18.35%	4,823,419	2,440,041	17.69%	2,383,378	17.50%
15,046,477	7,929,131	14.96%	7,117,346	47.30%	632,253	334,780	12.84%	297,473	11.73%	3,946,543	2,024,827	14.68%	1,921,716	14.11%
11,032,523	5,772,825	10.89%	5,259,698	47.67%	451,622	239,026	9.17%	212,596	8.39%	3,013,444	1,533,769	11.12%	1,479,675	10.86%
9,830,197	5,128,708	9.67%	4,701,489	47.83%	371,932	194,218	7.45%	177,714	7.01%	2,775,746	1,415,786	10.27%	1,359,960	9.98%
5,716,359	3,067,156	5.79%	2,649,203	46.34%	220,229	118,016	4.53%	102,213	4.03%	1,764,687	919,744	6.67%	844,943	6.20%
16.20%	--	--	--	--	8.63%	50.03%	0.00%	49.97%	0.00%	4,045,713	2,083,433	15.11%	1,962,280	14.40%
24,276,536	12,326,998	23.25%	11,949,538	49.22%	2,266,548	1,100,679	42.22%	1,165,869	45.99%	6,601,869	3,205,434	23.25%	3,396,435	24.93%
78,986,852	40,686,435	76.75%	38,300,417	48.49%	2,875,550	1,506,928	57.80%	1,368,622	53.99%	20,810,288	10,584,083	76.75%	10,226,205	75.07%
6.30%	--	--	--	--	4.75%	50.48%	0.00%	49.52%	0.00%	--	--	--	--	--

APPENDIX 2:

Comparative Country Level Statistics by Gender

Table 3: Education Detail

	Bolivia			Colombia			Guatemala			Mexico			Nicaragua			Peru		
	Total	Wom-en	Men	Total	Wom-en	Men	Total	Wom-en	Men	Total	Wom-en	Men	Total	Wom-en	Men	Total	Wom-en	Men
Pre-primary	49%	49%	49%	40%	40%	40%	29%	29%	28%	113%	114%	113%	54%	55%	54%	68%	68%	67%
Primary	108%	108%	108%	120%	119%	120%	113%	110%	117%	113%	112%	114%	116%	115%	118%	113%	112%	113%
Secondary	82%	81%	83%	89%	94%	84%	56%	53%	58%	87%	90%	85%	69%	73%	65%	98%	99%	96%
Tertiary	38%	35%	42%	33%	34%	32%	18%	18%	18%	26%	26%	27%	--	--	--	34%	36%	33%
Technical/ Vocational	--	--	--	7%	7%	6%	19%	19%	18%	17%	19%	16%	3%	3%	3%	8%	10%	6%

**Note - percentages are sometimes over 100% because more people may be enrolled than are technically eligible based on their age range (eg, adults may be enrolled in primary education although they are not part of the population usually considered of the age for primary education, making the number enrolled greater than the population.*

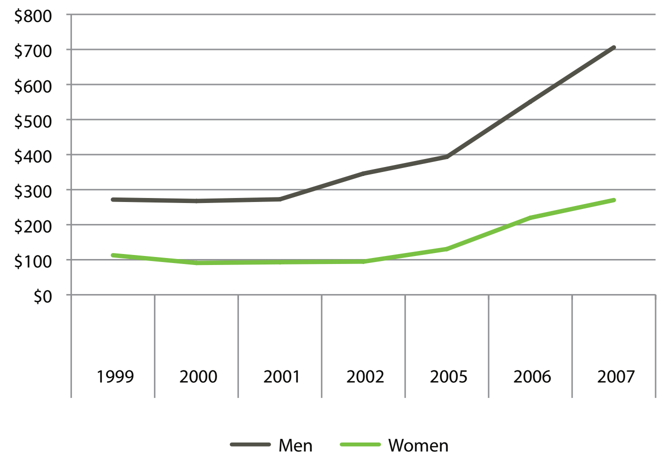
Table 4: Employment Detail

	Bolivia						Colombia						Guatemala					
	Total		Women		Men		Total		Women		Men		Total		Women		Men	
	Number	%	Popula-tion	% of Total	Popula-tion	% of Total	Number	%	Popula-tion	% of Total	Popula-tion	% of Total	Number	%	Popula-tion	% of Total	Popula-tion	% of Total
Population	8,274,325		4,150,475	50.16%	4,123,850	49.84%	44,977,758		22,774,524	50.64%	22,203,234	49.36%	11,237,196		5,740,357	51.08%	5,496,839	48.92%
Working Age Population (WAP)	7,606,137		3,967,600		3,638,537		33,470,405		17,255,504		16,196,507							
Economically Active Population	4,927,369	64.78%	2,228,023	56.16%	2,699,346	74.19%	18,997,784	56.76%	7,574,568	43.90%	11,546,016	71.29%	--	--	941,704	--	2,537,917	--
Not in the Labor Force	2,678,768	35.22%	1,739,577	43.84%	939,191	25.81%	14,472,621	43.24%	9,680,936	56.10%	4,650,490	28.71%	--	--	--	--	--	--
Unemployed as % of WAP	255,008	3.35%	132,614	3.34%	122,394	3.36%	2,160,323	6.45%	1,125,834	6.52%	1,032,576	6.38%	--	--	48,256	--	47,447	--
Unemployment Rates (% of labor force)		5.18%		5.95%		4.53%		11.37%		14.86%		8.94%	--	--	--	--	--	--
Employed (% of WAP)	4,672,361	61.43%	2,095,409	52.81%	2,576,952	70.82%	16,837,461	50.31%	6,448,734	37.37%	10,513,440	64.91%	4,834,044		1,684,809		3,149,235	
Type of employment																		
Business owner	30,186	0.65%	7,108	0.34%	23,078	0.90%	802,934	4.54%	177,553	2.55%	625,381	5.84%	213,585	4.42%	41,658	2.47%	171,927	5.46%
Self-employed	1,558,908	33.36%	680,324	32.47%	878,584	34.09%	6,419,482	36.33%	2,415,908	34.70%	4,003,574	37.39%	1,564,520	32.36%	623,007	36.98%	941,513	29.90%
Employee	1,754,267	37.55%	627,478	29.95%	1,126,789	43.73%	9,636,236	54.54%	3,925,633	56.39%	5,710,603	53.34%	2,208,980	45.70%	659,918	39.17%	1,549,062	49.19%
Not remunerated (family business, unpaid apprentices)	1,329,000	28.44%	780,499	37.25%	548,501	21.28%	760,183	4.30%	424,018	6.09%	336,165	3.14%	846,959	17.52%	360,226	21.38%	486,733	15.46%
Other	--	--	--	--	--	--	49,043	0.28%	18,259	0.26%	30,784	0.29%	--	--	--	--	--	--
Total Informal sector workers	2,887,908	61.81%	1,460,823	69.72%	1,427,085	55.38%	7,179,665	42.64%	2,839,926	44.04%	4,339,739	41.28%	2,411,479	49.89%	983,233	58.36%	1,428,246	45.35%
Sector of Employment																		
Agriculture	1,686,722	36.10%	801,703	38.26%	884,668	34.33%	--	--	401,195	6.22%	3,004,089	28.57%	--	50.00%	--	--	--	--
Commerce	673,754	14.42%	406,928	19.42%	266,715	10.35%	--	--	2,213,465	34.32%	2,383,072	22.67%	--	--	--	--	--	--
Construction	316,319	6.77%	5,867	0.28%	310,265	12.04%	--	--	29,591	0.46%	820,023	7.80%	--	--	--	--	--	--
Services	870,461	18.63%	363,763	17.36%	506,886	19.67%	--	--	3,305,790	51.26%	2,967,350	28.22%	--	35.00%	--	--	--	--
Manufacturing	514,894	11.02%	183,558	8.76%	331,396	12.86%	--	--	973,069	15.09%	1,291,557	12.28%	--	--	--	--	--	--
Government	375,191	8.03%	175,386	8.37%	199,714	7.75%	--	--	--	--	--	--	--	--	--	--	--	--
Other	235,020	5.03%	158,203	7.55%	76,793	2.98%	--	--	38,261	0.59%	240,416	2.29%	--	15.00%	--	--	--	--

Mexico						Nicaragua						Peru					
Total		Women		Men		Total		Women		Men		Total		Women		Men	
Number	%	Popula-tion	% of Total	Popula-tion	% of Total	Number	%	Popula-tion	% of Total	Popula-tion	% of Total	Number	%	Popula-tion	% of Total	Popula-tion	% of Total
103,263,388		53,013,433	51.34%	50,249,955	48.66%	5,142,098		2,607,044	50.70%	2,535,054	49.30%	27,412,157		13,789,517	50.30%	13,622,640	49.70%
73,602,500		39,145,162		34,457,338		3,895,447		1,997,851		1,897,596		24,163,893		12,197,998		11,965,895	
42,274,306	57.44%	15,503,413	39.60%	26,770,893	77.69%	1,748,759	44.89%	549,718	27.52%	1,199,041	63.19%	10,731,213	44.41%	3,794,133	31.10%	6,937,080	57.97%
31,328,194	42.56%	23,641,749	60.40%	7,686,445	22.31%	2,146,688	55.11%	1,448,133	72.48%	698,555	36.81%	13,432,680	55.59%	8,403,865	68.90%	5,028,815	42.03%
1,482,492	2.01%	564,678	1.44%	917,814	2.66%	73,209	1.88%	20,827	1.04%	28,382	1.50%	479,941	1.99%	160,544	1.32%	319,397	2.67%
	3.51%		3.64%		3.43%		4.19%		3.79%		2.37%		4.47%		4.23%		4.60%
40,791,814	55.42%	14,938,735	38.16%	25,853,079	75.03%	1,675,550	43.01%	528,891	26.47%	1,146,659	60.43%	10,251,272	42.42%	3,633,589	29.79%	6,617,683	55.30%
1,908,542	4.68%	305,407	2.04%	1,603,135	6.20%	22,259	1.33%	5,286	1.00%	16,973	1.48%	208,060	2.03%	56,271	1.55%	151,789	2.29%
9,615,166	23.57%	3,365,780	22.53%	6,249,386	24.17%	642,274	38.33%	167,578	31.68%	474,696	41.40%	4,045,392	39.46%	1,231,007	33.88%	2,814,385	42.53%
26,230,272	64.30%	9,640,681	64.53%	16,589,591	64.17%	904,030	53.95%	324,648	61.38%	579,382	50.53%	5,253,347	51.25%	1,972,583	54.29%	3,280,764	49.58%
3,037,834	7.45%	1,626,867	10.89%	1,410,967	5.46%	38,463	2.30%	5,333	1.01%	33,130	2.89%	744,473	7.26%	373,728	10.29%	370,745	5.60%
0	0.00%	0	0.00%	0	0.00%	68,524	4.09%	26,046	4.92%	42,478	3.70%	--	--	--	--	--	--
12,653,000	31.02%	4,992,647	33.42%	7,660,353	29.63%	680,737	40.63%	172,911	32.69%	507,826	44.29%	4,789,865	46.72%	1,604,735	44.16%	3,185,130	48.13%
6,059,822	14.86%	727,379	4.87%	5,332,443	20.63%	570,820	34.07%	33,611	6.35%	537,209	46.85%	2,444,963	23.85%	505,232	13.90%	1,939,731	29.31%
8,020,849	19.66%	3,967,833	26.56%	4,053,016	15.68%	317,443	18.95%	150,580	28.47%	166,863	14.55%	1,916,412	18.69%	927,390	25.52%	989,022	14.95%
3,181,086	7.80%	104,301	0.70%	3,076,785	11.90%	88,756	5.30%	2,182	0.41%	86,574	7.55%	560,890	5.47%	19,777	0.54%	541,113	8.18%
14,136,608	34.66%	6,689,121	44.78%	7,447,487	28.81%	468,104	27.94%	245,832	46.48%	222,272	19.38%	2,941,919	28.70%	1,253,279	34.49%	1,688,640	25.52%
7,224,704	17.71%	2,701,695	18.09%	4,523,009	17.50%	207,993	12.41%	89,074	16.84%	118,919	10.37%	949,186	9.26%	298,701	8.22%	650,485	9.83%
1,920,530	4.71%	671,591	4.50%	1,248,939	4.83%	--	--	--	--	--	--	953,537	9.30%	455,913	12.55%	497,624	7.52%
248,215	0.61%	76,815	0.51%	171,400	0.66%	22,434	1.34%	7,612	1.44%	14,822	1.29%	484,365	4.72%	173,297	4.77%	311,068	4.70%

APPENDIX 3:

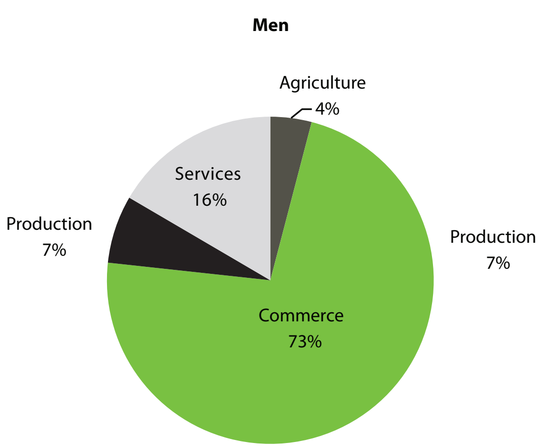
Wage Differentials between Men and Women, Across Different Types of Employment and Over Time

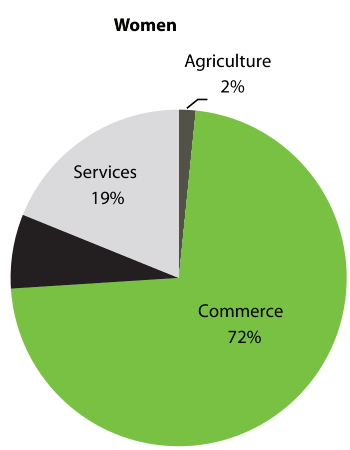


APPENDIX 4:

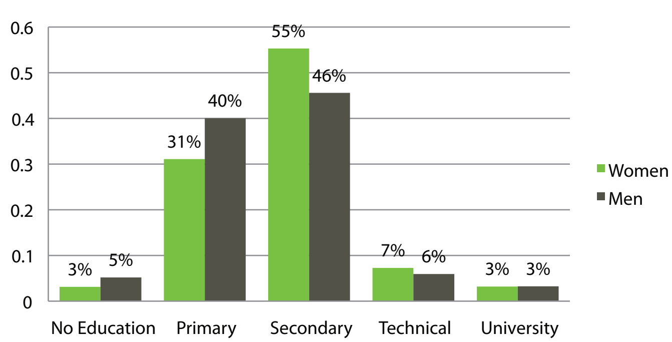
Additional Data and Information for Colombia

Distribution of Bancamía's Clients by Economic Sector





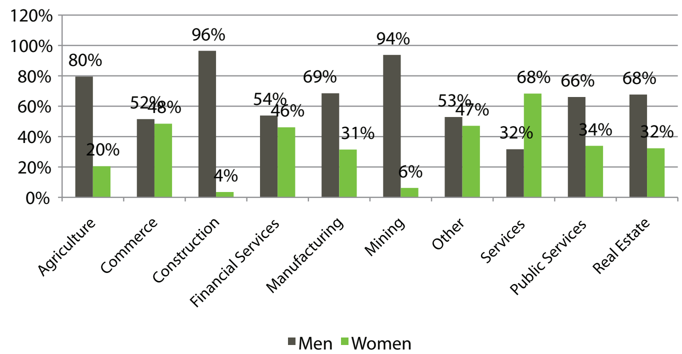
Education Levels of Bancamía Clients by Sex



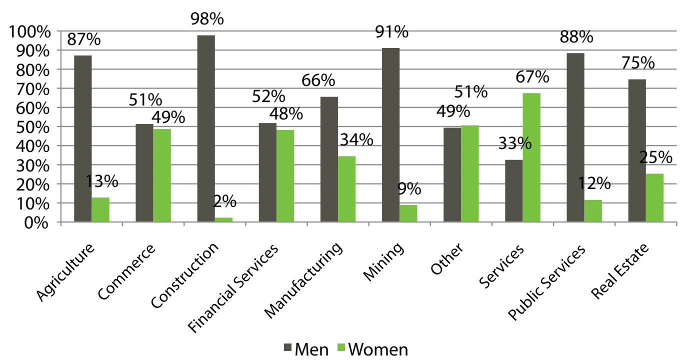
APPENDIX 5:

Additional Data and Information for Peru

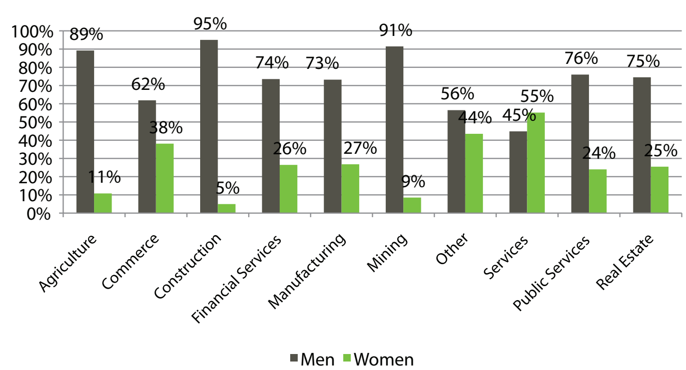
Total Employment, by Sector and Sex



Informal Sector Business Ownership by Sex



Formal Sector Business Ownership by Sex



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Multilateral Investment Fund
Inter-American Development Bank
1300 New York Avenue N.W.
Washington, DC 20577
www.iadb.org/mif

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