



The International Labour Organization's Women's Entrepreneurship Development Framework Conditions & National Assessment Methodology

The WED Assessment Framework

In order to unleash the potential of women-owned enterprises, it is important to examine where these failures exist, and to take actions to remedy them. For example, their lack of access to finance may be linked to weak property rights (since property is an important form of collateral). In some countries, women need their husband's consent to start a business, which has the effect of substantially reducing the proportion of women-owned MSMEs relative to countries where such a requirement does not exist.¹ Indeed, the World Bank report on Women, Business and the Law finds a broad correlation globally between the extent of legal gender differentiation and the extent to which women work, own and run businesses.² The gender-based structural barriers limiting the full participation of women in economic activity must be removed if women are to have equal opportunity to pursue entrepreneurial activity.

In its current edition, the ILO promotes a set of women's entrepreneurship development (WED) framework conditions that can be assessed nationally to develop relevant and locally adapted key policy recommendations for improving the environment for the promotion of women's entrepreneurship. The WED framework conditions and assessment methodology provide a comprehensive tool to assist country-level assessors to gather and assess a consistent body of information about the status of WED as well as to identify targeted measures to improve the ecosystem for WED.

By assessing these conditions through a thorough methodology, the ILO aims to support national stakeholders (e.g. policy makers, decision-makers, implementing agencies, focal points, employers' organisations, business/ sector associations, and women entrepreneurs' associations and NGOs) to identify key, locally adapted and strategic recommendations to unleash the potential of women's entrepreneurship and women-led businesses to generate "decent jobs"³ at the country level. These recommendations emanate from a clear process that puts an emphasis on dialogue. Recommendations are validated by a multi-stakeholder group (including women entrepreneurs) and may then be used to formulate a national action plan or national strategy for WED. Results of a national WED assessment will render a better informed, evidence-based platform for formulating recommendations to improve

¹ Some examples of this are given in World Bank, FAO and IFAD (2009). *Gender in Agriculture Source Book*.

² World Bank and IFC (2012). *Women, Business and the Law 2012: Removing barriers to economic inclusion*.

³ According to the ILO definition, decent jobs are jobs that deliver a fair income, security in the workplace and social protection for families, and better prospects for personal development and social integration.

the environment for women entrepreneurs (legal, regulatory, financing, business support, cultural and social), as well as direction to enable the more effective promotion and nurturing of women's entrepreneurship on a more equitable and inclusive basis.

For the ILO, its constituents and partners (as well as other regional and international agencies promoting WED), outcomes from these national assessments across countries and sub-regions will be very useful in providing direction on appropriate policy and programme measures to address priority needs and opportunities for the promotion of WED. The collection and analysis of this data will enable a more systematic identification of gaps in the policy and programme environment for the development of women's enterprises.

WED Framework Conditions

The ILO WED assessment is centred on six "framework conditions" deemed essential to achieving both comprehensive and incremental improvements in developing the level and strength of women's entrepreneurship. Seventeen sub-conditions are associated with the six WED framework conditions, as outlined in the assessment framework in Figure 1.

1. A gender-sensitive legal and regulatory system that advances women's economic empowerment

The laws and regulations in the country affecting women's economic empowerment have the potential to impact significantly on the capacity of women to start and grow viable enterprises. Gender differences in formal economic rights in the law, as well as cultural practices that constrain the types of opportunities women pursue (perpetuated through labour laws and regulations) have an impact on the emergence of women as entrepreneurs in the economy and the development potential of their enterprises. For example, World Bank research shows how the proportion of women's ownership in formal enterprises tends to increase with legal equality.⁴

2. Effective policy leadership and coordination for the promotion of WED

Structures/ systems of dedicated policy leadership and coordination for the promotion of WED can improve the emergence of policy measures that respond to the specific needs of women entrepreneurs, the effective use of resources, and the sharing of lessons learned with relevant stakeholders.

3. Access to gender-sensitive financial services

Access to finance is critical to the creation of a thriving private sector through the entry of new enterprises and the growth of existing enterprises, especially for small businesses. Although all micro and small enterprises lacking collateral, credit histories and connections are generally known to experience financing constraints, the situation is exacerbated for women-owned enterprises due to additional barriers and constraints that create even more challenges in accessing financing for their enterprises.⁵ Gender-sensitive financial services take into account the specific needs of women entrepreneurs while delivering services in an environment where gender bias is non-

⁴ IFC (2011). *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*.

⁵ Ibid.

existent. If all financial services were gender-sensitive, the outcome would be the equitable participation of women-owned enterprises.

4. Access to gender-sensitive business development support (BDS) services

BDS services are critical to the entry, survival, productivity, competitiveness, and growth of micro and small enterprises by helping them to solve their problems, e.g. facilitating access to markets; improving the availability of less expensive or higher quality inputs; introducing new or improved technologies and products; improving management and technical skills; and helping enterprises access appropriate financing mechanisms.

Gender-sensitive BDS services take into account the specific needs of women entrepreneurs while delivering services in an environment where gender-bias is non-existent. If all BDS services were gender-sensitive, the outcome would be the equitable participation of women entrepreneurs in all forms of BDS provision.

5. Access to markets and technology

Women entrepreneurs' access to markets (both domestic and international) and technology (its usage and ownership, including ICTs) is a key consideration in strengthening their opportunities for new market development and expansion, quality and productivity improvements, and growth, as well as for enabling their entry into higher-value added and growth sectors. Supporting their access to growth opportunities and sectors will help them become more competitive and sustainable and create jobs.

6. Representation of women entrepreneurs and participation in policy dialogue

The active participation of women entrepreneurs in policy discussions that affect their businesses is essential. Without adequate representation in business/ sector associations and participation in decision-making and policy dialogue, the needs of women business owners will be neglected in policy formulation, service delivery and resource allocation. Inclusion of the "voice" of women entrepreneurs regarding their needs and perspectives can lead to broader awareness among policymakers and decision makers of the specific opportunities and challenges faced by women-led businesses and stronger and more relevant policy responses.

► Figure 1. WED Assessment Framework – Profile of Women’s Entrepreneurship and Key Framework Conditions

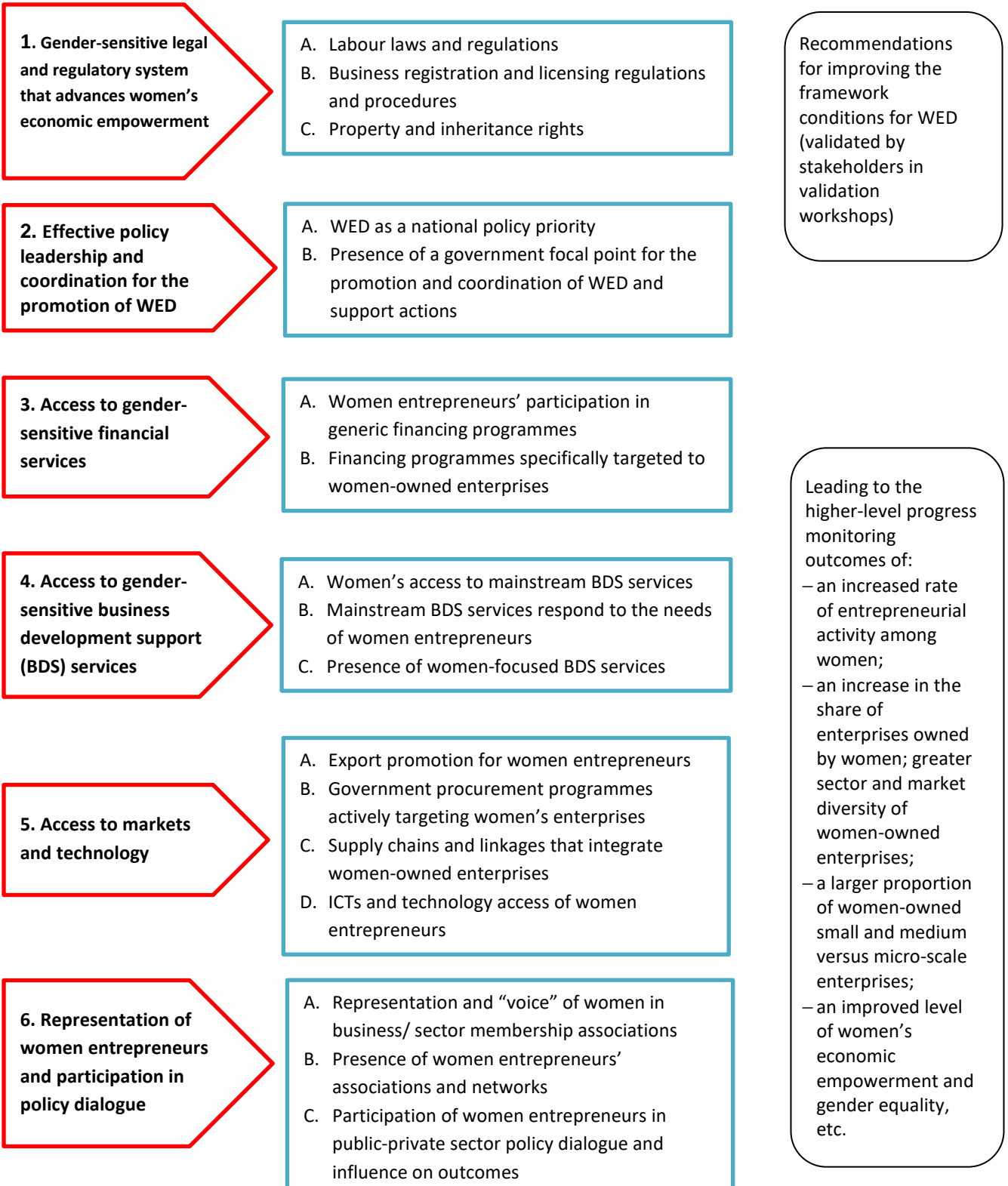
Profile of Women Entrepreneurs in the Economy

Assessing the current state of women’s entrepreneurship in the selected country, including the social, cultural and political context for WED

WED Framework Conditions

Sub-conditions

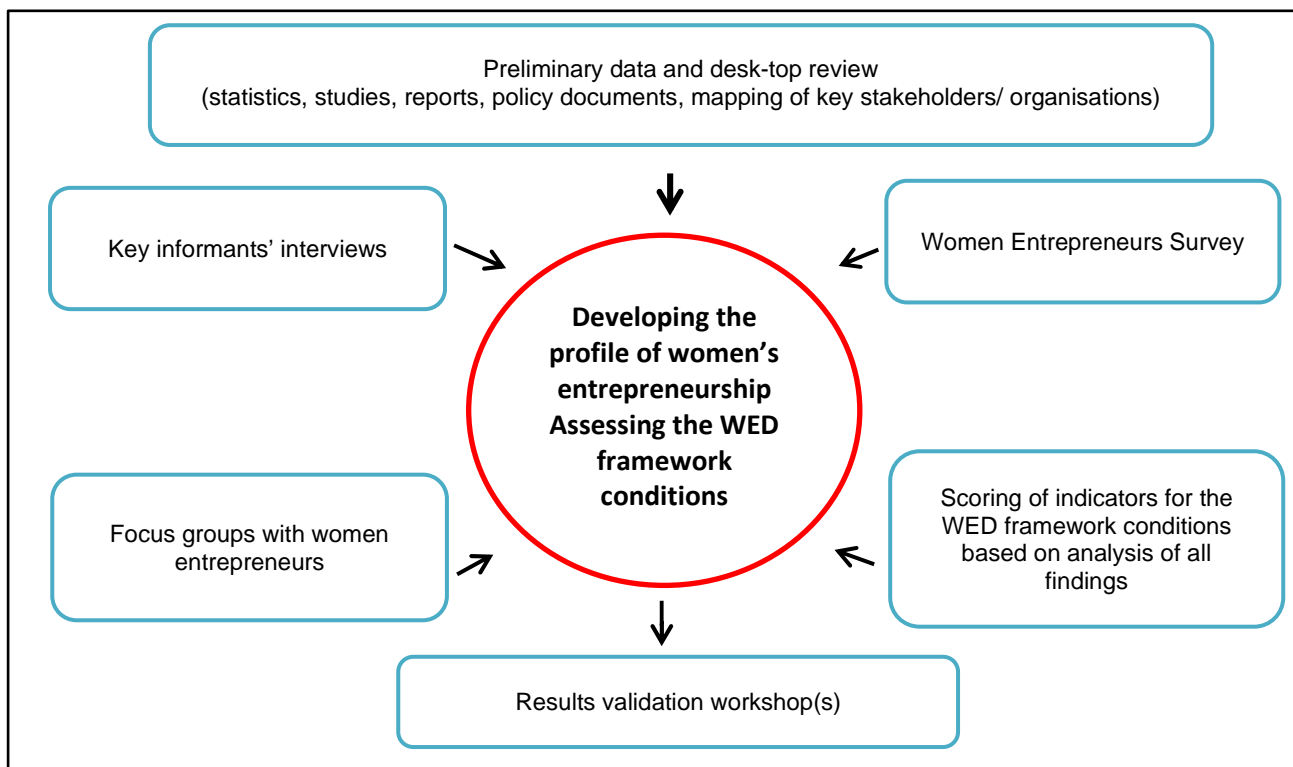
Outputs



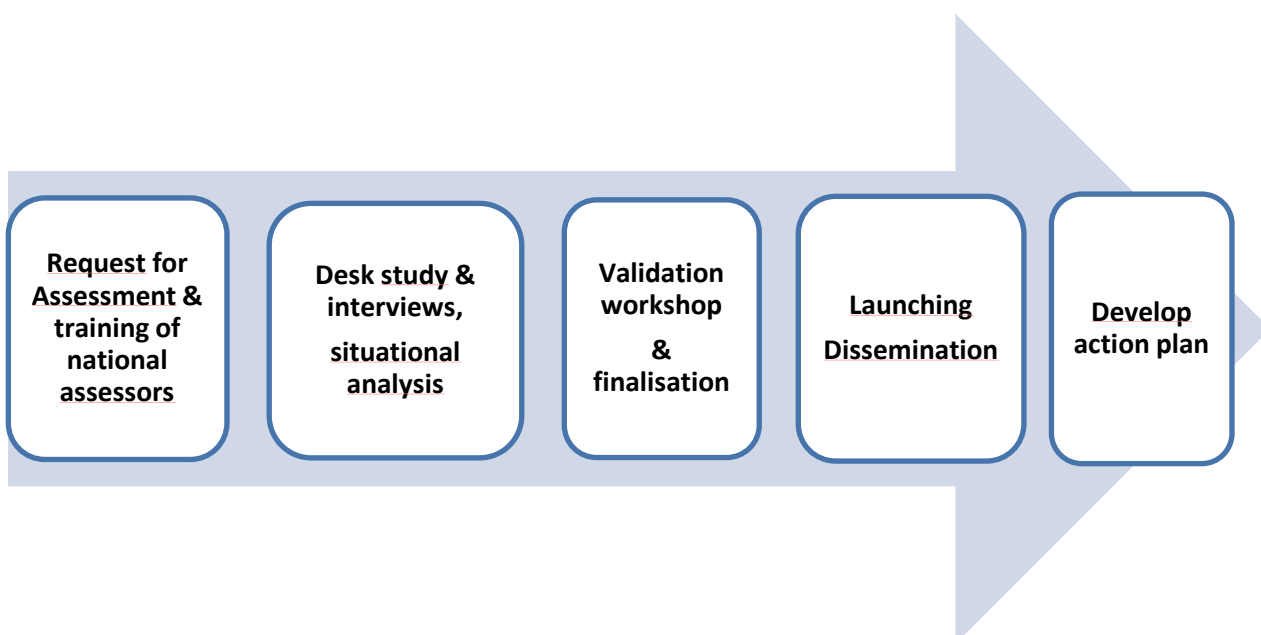
The ILO WED Assessment Methodology

The ILO-prescribed methodology for assessing the WED framework conditions makes use of both secondary and primary sources of data and information. It includes six main assessment components (see Figure 2).

► Figure 2. Components of the ILO WED Assessment Methodology



► Figure 3. The WED Assessment is part of a process that leads to concrete actions



The **International Labour Organization** (ILO) is a UN agency created in 1919 and devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. Today, the ILO helps advance the creation of decent work and the economic and working conditions that give working people and business people a stake in lasting peace, prosperity and progress. Its tripartite structure provides a unique platform for promoting decent work for all women and men.

The **ILO's Women's Entrepreneurship Development programme** (ILO-WED) is part of the Small and Medium Enterprises Unit (SME) and has been running for over a decade. ILO-WED works on enhancing economic opportunities for women by carrying out affirmative actions in support of women starting, formalizing and growing their enterprises, and by mainstreaming gender equality issues into the ILO's work in enterprise development. This approach to WED is highlighted in the ILO WED Strategy that was adopted by the Governing Body in March, 2008.

The **ILO-WED** approach is threefold, working with governments, employers' organizations, trade unions, and local community-based organizations to: create an enabling environment for WED that generates quality jobs; build institutional capacity in WED; and development of tools and support services for women entrepreneurs. It does so both through targeted approaches and gender mainstreaming, with a clear objective to contribute towards gender equality and women's economic empowerment.

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