

This report was produced jointly by the World Bank's Africa Region Gender Innovation Lab (GIL) and the Finance Competitiveness & Innovation (FCI) Global Practice.

The World Bank's Africa Region Gender Innovation Lab (GIL) conducts rigorous research to support the design of innovative, scalable interventions to address gender inequality across Africa.

The Finance, Competitiveness & Innovation Global Practice (FCI) combines expertise in the financial sector with expertise in private sector development to foster private-sector led growth and help create markets in client countries.

Executive Summary

Profiting from Parity

Unlocking the Potential of Women's Businesses in Africa

Executive Summary

Profiting from Parity

Unlocking
the Potential
of Women's
Businesses
in Africa

Female entrepreneurs in Africa: A force for growth

Enterprise development is a crucial engine of economic growth and jobs creation. Without entrepreneurship, there would be little innovation, little productivity growth, and few new jobs.¹ Over three-quarters of the African population believe that entrepreneurs are admired in their societies. Entrepreneurship is also seen by 76% of Africans as a good career choice. This is the highest rate in the world.²

Advancing gender equality is smart economics, sound business practice, and essential development policy. When women and men have equal opportunities to shape their own lives and contribute to their families, communities, and countries, it leads to enhanced productivity, improved development outcomes, and better performance by businesses and institutions.³

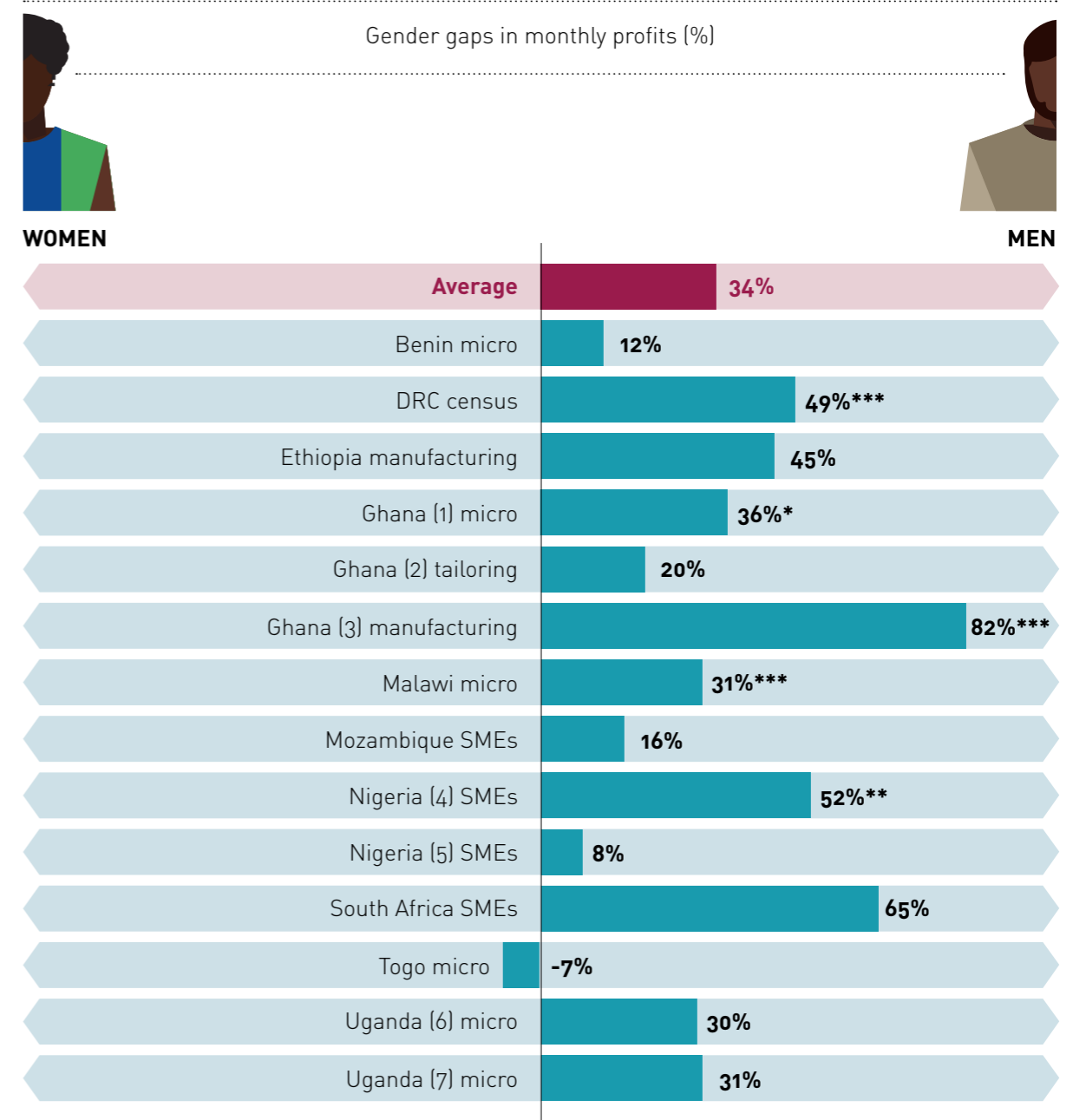
The countries in sub-Saharan Africa (referred to as Africa in this report) have already made significant progress in fostering the economic empowerment of women and girls. Women in Africa are more likely to be working than women in other regions, and almost 50% of women in the non-agricultural labor force are entrepreneurs. It is the only region in which women are more likely to be entrepreneurs than men.

Increasingly, national government leaders and other stakeholders across Africa are recognizing that women are a force for growth – but could be even more so. Policymakers need to act to expand opportunities for female entrepreneurs to be agents of growth and job creation - particularly in the context of a large youth population with high expectations for quality employment.

In Africa, the performance of female-owned businesses consistently lags behind that of male-owned businesses. They have fewer employees, lower average sales, and less value-added.⁴ Drawing on survey data from 14 countries,⁵ this report finds wide gaps in average profits between male- and female-owned firms (Figure 1).

Figure 1

Gender gap in profits wide on average, but varies across countries



Source: Authors using IE database. Ghana (1): Grants for micro-enterprises survey; Ghana (2): Tailoring survey; Ghana (3): Enterprise Census; Nigeria (4): Growth and employment survey; Nigeria (5): Business plan competition survey; Uganda (6): Kassida survey; Uganda (7): Loans, grants, and training survey.

For countries seeking to harness the full potential of female entrepreneurs, the central question is why female-owned businesses underperform. The *Profiting from Parity* full report draws on a wealth of new, high-quality household and firm-level data in Africa to paint a more detailed picture of female entrepreneurs and the constraints to growth and profitability they face. It first explores the strategic decisions of female entrepreneurs, and then explores the underlying constraints. It presents new deep-dive analysis in three areas: social norms, networks, and household-level constraints. Finally, based on the findings and prior research, it makes recommendations for policymakers and other stakeholders on how to close the gap.

Box 1

What's new about this report?

1

Updated analysis: Uses new high-quality data to update earlier analyses of the gender gap in business performance.

2

Deeper understanding: Presents a novel way of understanding how gender-specific constraints affect female entrepreneurs' decisions and outcomes.

3

Evidence-informed solutions: Offers policymakers and other stakeholders research-based guidance on designing programs and policies to improve the performance of female entrepreneurs.

What's driving the gender gap in business performance?

Wage job opportunities are limited in Africa. This drives men and women who might not otherwise be inclined to start a business to become entrepreneurs. According to the Global Entrepreneurship Monitor, Africa features the world's lowest share of entrepreneurs who started a business in order to pursue an opportunity.⁷

Many women who become entrepreneurs out of economic necessity do not intend or have the skills to build large and successful companies. Their decision to start a business instead of seeking wage work is influenced by important constraints such as differences in skills, capital, networks, time and family formation, occupational opportunities, and safety.⁸

It is important to note that if women face greater constraints than men in pursuing alternative job opportunities, this can lead to a relatively higher share of women taking up self-employment, which can affect their opportunities. Recent evidence from Ghana suggests that self-employed women operate in more crowded markets than do self-employed men.⁹ The gaps in economic opportunities are a primary, and significant, driver of the gender gap in business performance.

Furthermore, this report examines the status of already existing businesses which, in the absence of alternative labor-market opportunities, are likely to persist in Africa. The report also examines the conditions influencing female entrepreneurs' decision-making, in particular those that perpetuate their lower performance rates. Women overwhelmingly choose to enter sectors with reduced opportunities for growth; they also have lower levels of available assets and capital to invest into their businesses; and they show less willingness to compete. They are more likely to operate in the informal economy and less likely to adopt advanced business practices.

Drawing on extensive data analysis and earlier research, this report argues that women make or are obliged to make different decisions than men because they are constrained by gender-specific factors that hinder the growth of their businesses. These constraints, related to the contexts in which women operate, their endowments, and household-related factors, influence the strategic decisions that female entrepreneurs make – which, in turn, lead to less productive outcomes. This report presents a new, clear and illuminating guide to help further explain the factors that give rise to the gender gaps in productivity (Figure 2).



© Stephan Glacieu / World Bank

Figure 2

**Constraints, decisions, and outcomes:
A blueprint for closing the gender gap in business performance
in Africa**

OUTCOMES

Gender differences in firm performance (sales, profits)

STRATEGIC DECISIONS

1

Sector segregation

2

Differences in capital and labor

3

Differences in firm capabilities (business practices / innovation), and formalization

4

Differences in willingness to compete

UNDERLYING CONSTRAINTS

CONTEXTUAL FACTORS

- I** Legal discrimination
- II** Social norms
- III** Risk of GBV

ENDOWMENTS

- IV** Education/Skills
- V** Confidence/Risk preferences
- VI** Finance and assets
- VII** Networks and information

HOUSEHOLD-LEVEL CONSTRAINTS

- VIII** Allocation of factors of Production
- IX** Time constraints/Care

Strategic decisions

As illustrated in [Figure 2](#), female entrepreneurs' strategic decisions in key areas diverge from those of male entrepreneurs in important ways. These areas include:

1. the sector they choose;
2. differences in capital and labor;
3. differences in firm capabilities; and,
4. differences in their willingness to compete.

Sector of operations

- **Female entrepreneurs build larger and more profitable companies when they operate in male-dominated sectors.** While female entrepreneurs tend to cluster in sectors dominated by other women, such as retail and hospitality, evidence suggests a potential dividend to "crossing over" into male-dominated sectors. Female-owned enterprises operating in male-dominated industries are as large and just as profitable as their male-owned counterparts. They are also larger than those in female-dominated sectors.¹⁰ Studies in specific settings suggest that a female entrepreneur's decision to work in higher-return sectors is not driven by differential access to education or finance but by social factors, particularly the influence of male role models and exposure to the sector by family and friends.¹¹

Capital and labor

- **Female entrepreneurs in Africa have systematically lower levels of business capital – including equipment, inventory and property – relative to their male peers.** Drawing on data from 14 impact-evaluation datasets from 10 countries in Africa, the typical male-owned firm has over six times the capital investment of female-owned enterprises.
- **Female entrepreneurs' lower levels of labor contribute to gender productivity gaps in six of the 10 countries analyzed.** Relative to male entrepreneurs, female entrepreneurs employ fewer workers and use fewer labor hours in operating their businesses – but in most countries, women obtain returns on their business labor that are on par with those obtained by men.
- **The gender differences in capital and labor are associated with men having higher profits than women.** Although it may also be the case that male entrepreneurs use more capital and labor due to gender differences in returns to the initial units of investment, the analyses in this report suggest that providing women with the same amounts of investment resources as men is promising.

Firm capabilities: Business practices, innovation, and formalization

- **Differences in the adoption of good business practices help explain the gender gap in productivity for some countries.** Consistent with earlier research,¹² this report finds that male entrepreneurs are more likely to adopt advanced business practices in most countries analyzed. However, the magnitude of the gender gaps on an index of business practices is on average less than half of the capital investment gaps.
- **This report shows some differences in innovation between male and female-owned enterprises.** Women in Togo are half as likely as men to have introduced a new product in their operation. In Mozambique, women are less likely to have introduced a new process – 31% of women and 39% of men have taken innovative steps in the past 12 months. In Nigeria, female-owned firms are 20% less likely than male-owned firms to have improved existing products or to have introduced a new product design.
- **This report's analysis does not find a clear pattern between individual business formalization and the gender gap in enterprise performance.** Many female-owned firms are in the informal economy. While this report's analysis finds that female-owned businesses enjoy higher productivity returns when formal in three countries, recent studies^{13,14} indicate a lack of impact on business performance and access to finance from helping entrepreneurs obtain formal status.

Decision to compete

- **A lab experiment in Kenya¹⁵ finds that women were less than half as likely as men to compete with others.** Numerous laboratory experiments from outside of Africa confirm this finding. However, limited data on willingness to compete makes it difficult to weigh the importance of gender differences in entering competition relative to other drivers of the gender gap in business performance.¹⁶

Nine factors holding back women's business performance in Africa

Female entrepreneurs do not make business decisions in a vacuum. Rather, their business decisions differ systematically from those of male entrepreneurs because they are constrained by factors in a way that men are not. This report presents nine underlying constraints and explores the evidence on why the factor matters and the extent to which it contributes to the gap in business performance. In some cases, the report recommends further analytical work to allow for a deeper understanding of a constraint's relevance. The report leverages new data to dive deep on three factors – adding new insights for policymakers and other stakeholders looking to close the gap.

Contextual factors

I

Legal discrimination: Female entrepreneurs cannot have equal economic opportunity if a country's laws restrict a woman's ability to own and run a business. Women often face barriers from customary law.¹⁷ In addition, formal laws still do not ensure a level playing field. Although many African countries have made progress in removing legal barriers – including laws that deny women the same rights as men to register a business, sign a contract, open a bank account, or own and inherit property – only three African countries have formal laws that prohibit gender discrimination.¹⁸

Bottom line: Recent progress in regulatory reforms means legal discrimination may not be constraining female entrepreneurs as much as in the past. However, even when laws are gender neutral, they are not applied equally. Work is needed to ensure gender-equal laws are both introduced and appropriately implemented.

II

Social Norms: Social norms exert strong influence over the strategic choices that female entrepreneurs make and can constrain their ability to grow their businesses. They can shape how women view themselves,¹⁹ perceive their abilities,²⁰ impact their aspirations, and can lead to discriminatory treatment by others.²¹ Because social norms in many African countries do not align with a woman striving for business growth, women's choices are limited. Women who contradict social norms may also face retaliation.^{22,23}

Bottom line: The influence of gender norms on women's business decisions is likely to be pervasive and significant, affecting major choices such as the sector of operations. For more on this, see "deep dive" 1.

III

Risk of gender-based violence: Widespread gender-based violence (GBV) likely takes a toll on women's health and well-being, which hinders their ability to run their businesses effectively. Working outside of the home may put women at risk,²⁴ while some women may view self-employment as a way to avoid sexual harassment at the workplace.²⁵ In Malawi, 14% of female entrepreneurs have been subject to physical or emotional violence by their domestic partner; 32% say their husband insists on knowing where they are at all times; and 7% say their husbands force them to have sexual intercourse.

Bottom line: GBV can hinder women's managerial capacity. Testing and evaluating more solutions to overcome GBV is critical to understanding its relevance in addressing the business-performance gender gap. Research is also needed to determine whether the risks of being exposed to GBV influences a woman's tendency to shy away from growing her business.

Endowments

IV

Education and skills gaps: While most African countries have achieved gender parity in access to primary education,²⁶ a persistent gap in educational and skill attainment between male and female entrepreneurs – particularly at the secondary level and beyond – may help explain gender differences in strategic business decisions. Evidence points to gaps between male and female entrepreneurs in three areas: formal education, management skills, and socio-emotional skills. This report finds that self-employed women have overall completed fewer years of education than self-employed men. Male entrepreneurs often have higher technical skills; sometimes have higher financial literacy; and are sometimes more likely to participate in training or offer training. Data from Togo shows that while male and female entrepreneurs are comparable on some important socio-emotional measures, male entrepreneurs score higher than their female counterparts on measures of ambition, creativity, innovation, and imagination.

Bottom line: Education and skill gaps in Africa are wide and persistent, and likely have a strong influence on women's business decisions.

V

Confidence and risk preferences: Women business owners in Africa frequently show less confidence than their male counterparts. Among entrepreneurs in Ghana, women are 14% less likely than men to think they would make a good leader. Female entrepreneurs demonstrate less confidence in their abilities,²⁷ which may make them less willing to compete (and win)²⁸ – especially in stereotypically male domains.²⁹ Women's lack of confidence relative to men could be related to risk aversion, but analysis for this report do not show a clear pattern on this issue.

Bottom line: Women's lack of confidence relative to men may keep them from taking big risks that lead to high returns. More experimental work on mechanisms designed to enhance confidence can prove important for policy.

VI

Finance and assets: Female entrepreneurs continue to control fewer assets than men, affecting their capacity to invest in their business and access large enough loans. While the gender gap in obtaining loans from financial institutions is smaller in Africa than in any other region of the world,³⁰ this report's analysis shows consistent and large gender gaps in the size of the loans outstanding for various target groups of entrepreneurs in Africa.

Bottom line: The gender divide in access to credit is not as strong as it once was, but with smaller asset ownership, women still struggle to get loans of the same size as men – a factor that likely fuels the capital investment gap.

VII

Access to networks and information: Women often do not have the same access as men to large and diverse social networks that can support the growth and competitiveness of their business. This report's analysis suggests that men's and women's networks vary in important ways. Both men's and women's networks are largely segregated by gender. Women's networks command fewer resources than men's and include more "strong" family and kin relationships that are less valuable than new connections in creating business opportunities.³¹

Bottom line: With growing evidence on the importance of networks, understanding how the networks of female entrepreneurs vary from those of men – and how those differences may impact their success – is vital. For more on this, see "deep dive" 2.

Household-level constraints

VIII

Household allocation of productive resources: Women often lack authority over the allocation of household assets and may face more pressure to share resources, which restricts both their willingness and ability to invest in their businesses. Women's lack of control over the allocation of household resources may be a source of inefficiency if it means that assets are invested in male-supported enterprises irrespective of managerial ability or the value of the business opportunity.³² Research shows that female entrepreneurs struggle to direct capital to their business, which can be a function of either their own or others' needs. Inefficiency in intra-household allocation is compounded when female entrepreneurs are compelled to share resources derived from social connections outside of the home.

Bottom line: Household resource allocation is likely a major factor influencing women's decisions regarding their businesses. The next stage of research should include identifying scalable mechanisms to encourage couples to think differently about the role of women's contribution to household decision-making, or advocating that female entrepreneurs simultaneously achieve both their business and non-business goals. For more on this, see "deep dive" 3.

IX

Time constraints and care: Women in Africa spend more time than men on domestic chores.³³ This limits the amount of time they can dedicate to their business and requires them to stay home at times of the day that are best for conducting business. This report finds that women in Uganda, Togo, and Malawi are much more likely than men to be taking care of others while running their business – a task that can take up to twice as much of their time as men's.³⁴ This report finds that men spend on average 10% more time per week working in their business than women. Being married increases the gender gap in time spent on the business in three countries, while the gap is lower in male-dominated sectors where women may have to work the same hours as men to participate. Emerging evidence suggests that childcare programs may have a positive impact on women's employment outcomes,³⁵ but these studies do not analyze the impact of childcare on women's business outcomes.

Bottom line: Women's time constraints associated with domestic chores and care are likely a strong constraint on their business activities, but further rigorous evidence and analysis is needed on whether increasing childcare services and other types of interventions produce lasting effects on business performance.



© Stephan Glagieu / World Bank

Diving deep on three constraints

■ Deep dive 1: Do gender-biased social norms dampen business performance?

Drawing on data from Togo, Ghana, and Malawi, this report presents a deep-dive analysis assessing the prevalence of gender-biased beliefs and their potential contributions to the gender gap in business performance in Africa.³⁶

Key findings

1. Gender-biased beliefs are prevalent among surveyed entrepreneurs in Africa.
2. Both men and women have largely internalized gender-biased norms,³⁷ though there are some important gender differences. Women are less likely than men to be biased toward the pursuit of business opportunities, but they are more likely to prioritize household needs.
3. Entrepreneurs with comparatively high levels of education are less likely to espouse gender-biased beliefs.
4. Holding gender biases is associated with lower investment levels and lower business performance, but this relationship is not robust in all settings. There is suggestive evidence in some settings that businesswomen that hold more progressive views and operate in male-dominated sectors face discrimination in their operations.

Way forward for combined research and policy

- A research agenda is needed to test the mechanisms and importance of social norms as a constraint to business development. Solutions to tackle embedded social norms in enterprise development can be drawn from a number of promising areas of research on norms, including: large-scale institutional changes,³⁸ changes in regulations,³⁹ addressing mobility issues,⁴⁰ overcoming sector sex-segregation issues,⁴¹ and community and couple dialogues.⁴²

■ Deep dive 2: Do gender differences in entrepreneurial networks fuel the gender performance gap?

This deep-dive analysis draws on data from Ghana, Malawi, Togo, and Uganda to assess gender differences in African entrepreneurs' business networks and their potential contributions to the gender gap in business performance.

Key findings

1. Female entrepreneurs' business networks are mostly comprised of other women.
2. Men have larger business networks than women.
3. Business networks with "strong ties," and family members in particular, are more likely to be part of the process of business creation and development for women than for men.
4. Women rely on their networks when starting a business and for financial support, but men more intensively use their business networks to share information, equipment, and supplies.
5. The relationship between networks and business performance is likely not straightforward and depends on aspects such as the depth of the relationships and their influence on various areas of business development.

Way forward for combined research and policy

- Additional experiments creating networking opportunities for different categories of entrepreneurs would be helpful in identifying the type of businesses who stand to benefit the most from diversifying their connections. Is networking more important in early or later stages of business development? To what extent do other gendered constraints dampen the benefits of expanding one's networks? Why do business networks remain so strongly segregated by gender? Are there opportunities to loosen the networks' "ties"? What is the effect of network diversification on entrepreneurs' choice of activity?

■ Deep dive 3: Do intra-household relationships affect the strategic choices made by female entrepreneurs?

This deep dive draws on an analysis of micro-entrepreneurs in urban Ghana, in-depth qualitative research with the same population to explore how women's businesses contribute to the household, and of how household demands and power dynamics impact their business decisions. Though specific to urban Ghana, the findings suggest ways that intra-household dynamics might be influential in women's business decisions elsewhere.

Key findings

1. Women's businesses are important for meeting household needs.
2. Spouses have incomplete information about each other's earnings.
3. Women generally maintain control of their business income, but that does not always mean they have flexibility in determining how to spend it.
4. Women and men have incentives to hide their income due to pressure to share it and to increase contributions to household needs.
5. Women's independence in business management is associated with higher profits, but it is still unknown whether this is a causal relationship.
6. Households manage their finances in a range of different ways and future research and programs should explore links between intra-household relationships and the success of women's businesses.

Way forward for combined research and policy

- Future research should examine the extent to which different financial management practices within households can be encouraged and lead to business investments by female entrepreneurs. Additional research is also needed to identify possible policy responses either to think differently about the role of women's businesses in the household, or to support female entrepreneurs to simultaneously achieve both their business and non-business goals.

Path forward: How policy and decision makers can act to eliminate the gender gap

Gender-neutral policies that seek to create a more conducive business environment while supporting entrepreneurs will not be sufficient to address the constraints identified in this report. Indeed, they may instead widen existing gaps. But the good news is that with targeted strategies, the international community, national governments, NGOs, and other stakeholders can help address the challenges that female entrepreneurs face and thereby unleash their productive potential.

This report reviews the existing evidence, classifies strategies based on the strength of the evidence, and makes recommendations based on the evidence. The results are summarized in [Table 1](#). As much as possible, the report identifies success factors, potential risks, and mitigating measures. This evidence is typically based on a set of countries and generalizing to others is not necessarily straightforward. Therefore, local adaptation will be important as a means of ensuring sound implementation of the most promising ideas.

The evidence presented regarding the most promising interventions is typically based on the results for the average female-owned businesses. However, there are often female entrepreneurs who can benefit more than others from each viable or emerging solution.

While the set of constraints and solutions are listed individually, female entrepreneurs in Africa are affected by the interplay of several gender-specific constraints. Increasingly, programs for female entrepreneurs recognize this and combine interventions targeting multiple constraints.

The strategies proposed are to a large extent a subset of the most promising interventions

designed to support firms, innovation, and investment in Africa. Whenever applicable, the solutions recommended in this report are also sound for male-owned firms. Implementing them at scale with thorough mechanisms of delivery can support female entrepreneurship while also expanding all types of businesses in the economy.

■ Promising strategies

The best evidence today suggests that these three strategies are likely to be effective for female entrepreneurs:

1. Training programs that apply lessons from psychology to encourage women to act with an entrepreneurial mindset. Emerging evidence from impact evaluations demonstrates the importance of strengthening socio-emotional skills for female entrepreneurs in Africa. In Togo, personal initiative training has positive and significant effects on sales and profits of male and female-led micro-enterprises and generated a 91% return on investment.⁴³ Similarly, a training program emphasizing self-esteem and entrepreneurship in Ethiopia increased the business performance of female-owned firms.⁴⁴ A video to increase aspirations of market vendors in Mozambique (45% of them women) led to very large impacts on business performance.⁴⁵ Finally, a training program for female micro-entrepreneurs in Kenya led to sustained increases in firm profits, survival, and growth.⁴⁶

Summing It up: Training programs addressing socio-emotional skills and gender-specific content – as opposed to standard managerial training programs – have proven effective in numerous contexts in Africa, and pay for themselves in increased profits over the long-term.

2. Supporting women with secure savings mechanisms. Unequal bargaining power within the household and domestic expenditure needs can affect women's ability to finance their business activities. Therefore, providing women with mechanisms to set aside money for their business can help insulate these funds from household demands. Providing female market vendors in Kenya with access to savings accounts led to a 45% increase in business investment, while no impact was found in providing such accounts to male motorbike drivers.⁴⁷ Targeting seems important, as providing these accounts in rural settings in Uganda and Malawi led to limited bank account usage.⁴⁸ On the other hand, adding access to business bank accounts to support formalization led to significant increases in women's usage of business bank accounts and insurance, and it also resulted in more women separating household and business funds.⁴⁹ This drove large impacts on sales and profits for female entrepreneurs.⁵⁰ Mobile money and other digital payments make it easier to target women specifically and provides them with greater privacy and control over household expenditures.⁵¹ In turn, this leads to potential increases in women's consumption and savings,⁵² and supports new economic activities and empowerment.⁵³

Summing It up: Rigorous evidence from more than one study in Africa shows the positive effects of savings mechanisms on business investment and performance of female-owned firms. The interventions need to be well-targeted to ensure appropriate uptake from the relevant target group.

3. Providing large cash grants as part of business plan competitions. Providing large cash grants as part of a business plan competition can help address the capital constraints of growth-oriented firms, including those owned by women. A business plan competition in Nigeria providing cash grants averaging \$50,000 increased the likelihood that women would operate a firm by reducing capital constraints. It also helped trigger hiring and led to large increases on sales and profits.⁵⁴ This is backed up by another study of business plan competitions in Ethiopia, Tanzania, and Zambia.⁵⁵ Additional impact evaluations of business plan competitions are under way in Africa, and will address how results are influenced by the size of different grants and the selection process.

Summing It up: Studies show positive impacts of large grants under business plan competitions on employment, sales, and profits among female-owned firms.

In addition, the following set of policies and interventions that draw on emerging evidence offer strong potential and would benefit from further assessment of impact:

1. **Removing legal constraints to gender equality and regulatory implementation gaps;**
2. **Strengthening land tenure rights for women;**
3. **Expanding women's linkages to new business networks;**
4. **Offering women-friendly training designs, including peer support;**
5. **Providing in-kind grants;**
6. **Introducing financial innovations that reduce collateral requirements, including psychometric scoring;**
7. **Facilitating access to childcare services;**
8. **Engaging men to provide a more supportive environment for female entrepreneurs;**
9. **Incentivizing women to cross over to male-dominated sectors by sharing information on expected returns in those sectors, and through early exposure in the form of apprenticeships and male role models.**



© Stephan Gladieu / World Bank

Table 1

**What works to support female-owned firms in Africa?
Key findings from rigorous impact evaluations**

LEGEND

- CREDIBLE EVIDENCE OF POSITIVE IMPACT ON BUSINESS OUTCOMES
- EMERGING EVIDENCE OF IMPACT ON BUSINESS OUTCOMES
- EVIDENCE OF NO/LOW IMPACT ON BUSINESS OUTCOMES (NOT PROMISING)

POLICY AREA	CONSTRAINT ADDRESSED	TYPOLGY OF FIRMS	MAIN CONCLUSIONS
1. Removing regulatory and institutional constraints for female entrepreneurs	Legal discrimination	All firms	Removing legal gender biases and gaps in the implementation of laws increase women's agency and intra-household bargaining power
	Legal discrimination	All firms	Strengthening land rights for women increases their time and effort in entrepreneurship
	Informality	Micro-enterprises	Easing constraints to formalization by itself is not sufficient to help female-led micro-enterprises grow
2. Improving skills and networks	Skills	Micro-enterprises	Providing traditional managerial training alone does not typically improve the business performance of small female-owned firms
	Skills; confidence/risk preferences; social norms	Micro-enterprises and small-business owners	Training addressing socio-emotional skills and gender-specific content leads to high levels of impact on business performance
	Networks and information	Micro-enterprises and small-business owners	Expanding firms' access to new networks may, in the right settings, have positive impacts on business performance
	Skills; networks and information	Micro-enterprises	Providing mentoring on top of traditional business training has limited additional value to micro-entrepreneurs
	Skills; confidence/risk preferences; social norms	Micro-enterprises	Complementing delivery of training programs with direct peer support may be promising
3. Improving access to capital and assets	Finance and assets	Micro-enterprises	Microcredit has only limited effects on business outcomes for women
	Finance and assets; allocation of factors of production	Micro-enterprises	Providing in-kind grants can lead to higher profits for more successful women micro-entrepreneurs
	Finance and assets; confidence/risk preferences; skills	Start-up or existing businesses	Large cash grants for growth-oriented firms selected through a business plan competition can help overcome capital constraints for women
	Finance and assets; allocation of factors of production	Micro-enterprises	Providing women with access to secure mechanisms for savings – including mobile savings – can increase business investment
	Finance and assets	Micro-enterprises	Alternative credit scoring technologies using psychometric tests offer the promise of easing women's access to larger business loans
4. Easing household constraints	Time constraints/care	All	Providing childcare can increase female participation in the workforce
	GBV; time constraints/care; allocation of factors of production	Micro-enterprises	Engaging men can potentially foster a more supportive environment for female entrepreneurs
5. Addressing social norms regarding women's occupational decisions	Skills; networks and information; confidence/risk preference	Young entrepreneurs	Providing information on earnings in traditionally male-dominated sectors and early exposure through apprenticeships and male role models can encourage female entrepreneurs to enter these sectors
6. Facilitating access to markets	Social norms; GBV	Micro-enterprises	Training does not eliminate harassment by guards at border crossings, but can make female traders aware of ways to minimize harassment

■ Challenges in designing effective programs for female entrepreneurs

When designing programs for female entrepreneurs, policymakers and other stakeholders need to consider the following factors:

1. Getting targeting right: Growth-oriented female entrepreneurs often benefit the most from skills-development programs, but will only participate if they understand the value-added. Some interventions can only be successful for groups of female entrepreneurs with access to satisfactory infrastructure such as roads, energy, and communications.
2. Building gender-sensitive aspects of program design: Programs need to address the constraints discussed in the report, such as women's lower willingness to compete and greater constraints on time.

■ Steps for African policymakers

1. Support concrete policy actions that demonstrate strong commitment to female entrepreneurs, such as eliminating existing legal barriers and fostering women's participation in public life, including the promotion of female role models.
2. Ensure private sector development strategies and policies include a gender focus that addresses the specific challenges faced by female entrepreneurs.
3. Scale up policies that have shown credible results.
4. Support the testing and evaluation of promising approaches – and share the findings widely.
5. Invest in promoting the systematic collection of gender-differentiated data that captures the performance, endowments, and preferences of female-owned firms.
6. Involve men in policy advocacy and in the implementation of solutions. Because men are husbands, but are also more likely to be bankers, inspectors, trainers, and policymakers, it is important to engage them at multiple levels in efforts to provide better opportunities for female entrepreneurs.

■ Steps for development partners, corporations, and civil society

1. Provide funding to test innovative approaches and to research that contributes to closing the gender entrepreneurship gap while expanding global knowledge of what works.
2. Use findings from this report to inform the design of programs.
3. Continue advocacy efforts by highlighting the business and economic case for removing the obstacles constraining female entrepreneurs' growth.
4. For larger firms, consider the gender dimensions in their supply strategies and opportunities to integrate female-owned firms.

Acknowledgments

The *Profiting from Parity: Unlocking the Potential of Women's Businesses in Africa* Flagship Report is a joint production of the World Bank's Africa Region Gender Innovation Lab and the Finance, Competitiveness and Innovation (FCI) Global Practice. It was prepared by a team led by Francisco Campos, and included Rachel Coleman, Adriana Conconi, Aletheia Donald, Marine Gassier, Markus Goldstein, Zenaida Hernandez, Joanna Mikulski, Annamaria Milazzo, Maliheh Paryavi, Rachael Pierotti, Michael O'Sullivan, and Julia Vaillant.

The team gratefully acknowledges the guidance and leadership of Markus Goldstein, Head of the Africa Gender Innovation Lab. The team thanks the leadership and support from FCI management, including David Bridgman, Dahlia Khalifa, Douglas Pearce, Klaus Tilmes, and Sebastian-A Molineus. The peer reviewers were Benedicte De La Briere, Steven Dimitriyev, David McKenzie and Noa Gimelli. Administrative support was provided by Nenetete Santero.

The team thanks Joanna Mikulski for guidance on narrative, and Aline Menden, Fabio Venturini, and Barbara Serfozo for project management and editing. The report's design was guided by Vito Raimondi. The team is also grateful to Endeava, Assemblyfor and Without Violence for their organizational support to this project.

The World Bank team would like to acknowledge the generous support of the Umbrella Facility for Gender Equality (UFGE), a World Bank Group multi-donor trust fund expanding evidence, knowledge and data needed to identify and address key gaps between men and women to deliver better development solutions that boost prosperity and increase opportunity for all. The UFGE has received generous contributions from Australia, Canada, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and the United States.

Endnotes

1. The Global Entrepreneurship and Development Institute - GEDI (2018).
2. Global Entrepreneurship Research Association - GERA (2018).
3. United Nations (2017).
4. This is based on the authors calculations using the World Bank Group's Enterprise Surveys.
5. The following datasets are of micro-enterprises: Benin, Ghana (1), Malawi, Togo, Uganda (1) and Uganda (2). The following datasets are of SMEs: Mozambique, Nigeria (1), Nigeria (2), and South Africa. DRC is based on a census of firms. Ghana (2) is a survey of firms in tailoring. Ethiopia and Ghana (3) are firms in manufacturing.
6. See for example, Hallward-Driemeier (2013).
7. The Global Entrepreneurship and Development Institute - GEDI (2018).
8. Chakravarty, Das, and Vaillant (2017).
9. Hardy and Kagy (2018b).
10. Bardasi, Sabarwal, and Terrell (2011); Campos et al. (2015); Alibhai, Buehren, and Papineni (2015).
11. Evidence from other regions demonstrates that business sector sex segregation is not limited to Africa. In Sri Lanka, investment rates and returns to investment are lower in sectors characterized by a higher share of female entrepreneurs (De Mel, McKenzie and Woodruff, 2009). In the US, women's concentration in the personal services sector explains as much as 14% of the gender-based self-employment earnings differential (Hundley, 2001).
12. McKenzie and Woodruff (2017).
13. Benhassine et al. (2018).
14. Campos, Goldstein, and McKenzie (2018).
15. Paryavi, Campos and Santos (2018).
16. Some surveys from the report's impact evaluation database stand as exceptions. For example, in Malawi, female entrepreneurs are 38% more likely than male business owners to agree with the following statement: "If paid employment was offered to me at roughly the same level that I take home in this business, I would take such employment and close the business".
17. World Bank Group (2018).
18. This is as measured by the World Bank Group's Women, Business and the Law. These countries are South Africa, Zimbabwe, and Rwanda.
19. Cech et al. (2011).
20. Correll (2001; 2004).
21. Blair-Loy (2003); Ridgeway and Correll (2004).
22. Rudman (1998); Rudman and Glick (1999).
23. Amanatullah and Morris (2010); Bowles (2012).
24. Fawole, Ajuwon, and Osungbade (2005); Morrison and Orlando (2004).
25. Ruiz Abril (2008).
26. World Bank (2012).
27. Beyer (1990); Pulford and Colman (1997); Soll and Klayman (2004).
28. Niederle and Vesterlund (2007).
29. Grosse and Riener (2010); Kamas and Preston (2010); Lundeberg, Fox, and PunDcohaD (1994).
30. <https://globalfindex.worldbank.org/>
31. Loscocco et al. (2009); Kim and Sherraden (2014); Renzulli, Aldrich, and Moody (2000); Klyver and Terjesen (2007); Rankin (2001); Fatchamps and Minten (1999); Granovetter (1973, 1983).
32. Udry (1996).
33. World Bank (2012).
34. The importance of household responsibilities is in line with the findings in other regions. For instance, in Guatemala (Kevane and Wydick, 2001) and India (Kantor, 2005), women's sector concentration responds to the time available for home production, and constraints on location of business.
35. Clark et al. (2017); Tabbert (2009); Barros et al. (2011); Berlinski and Galiani (2007).
36. The analysis draws on two surveys conducted specifically for this report: Togo (December 2016) and Malawi (February 2017). The questionnaires used in these surveys are very similar, so results are comparable. It also uses other impact-evaluation surveys from Malawi and Ghana. Most of the questions that relate to social norms in the impact-evaluation surveys are different from those asked in the Togo and Malawi surveys for this report.
37. Gender-biased norms are used in this context as those against women.
38. See Ashraf et al. (forthcoming) on the importance of large scale institutional interventions to overcome biases on women's education participation.
39. See Deininger, Goyal, and Nagarajan (2013), and Roy (2015) on the importance of changes in property rights on investment in girls' education.
40. See Munshi and Rosenzweig (2006), Field, Jayachandran and Pande (2010), Luke and Munshi (2011) on the importance of solutions to women's mobility constraints in South Asia. The evidence on these issues in Africa is more limited.
41. See Croke, Goldstein and Holla (2017) about sector shifting. Women with traditional views regarding occupational segregation see larger improvements.
42. See Doyle et al. (2018) about a 15-week gender-transformative group education program that engages new and expectant fathers and their partners. Analysis of data 21 months post-baseline shows significant differences between the intervention and control groups across a range of health and development outcomes, including women's reports of physical and sexual intimate partner violence, women's and men's reports of harsh discipline against children, contraceptive use and antenatal care attendance, men's dominance in decision-making, and men's participation in and time spent on domestic and caregiving tasks.
43. Campos et al. (2017).
44. Alibhai, Buehren, and Papineni (2016).
45. Batista and Seither (2018).
46. McKenzie and Puerto (2017). An impact evaluation of the same program in Vietnam also found positive impacts on firm growth (Bulte, Lensink, and Vu, 2017).
47. Dupas and Robinson (2013). However, it is not possible in this experiment to distinguish between the effects of gender and the effects of sector of operation on the impact of the intervention.
48. Dupas et al. (2018).
49. Campos, Goldstein and McKenzie (2015).
50. Campos, Goldstein and McKenzie (2018).
51. Aker et al. (2016); Field et al. (2016b).
52. Jack and Suri (2016).
53. Bastian et al. (2018a).
54. McKenzie (2017).
55. Fatchamps and Quinn (2016).