



# FINANCING SUSTAINABLE WOMEN'S ECONOMIC EMPOWERMENT IN THE LEAST DEVELOPED COUNTRIES



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# ACRONYMS

**BBWDF** - Brahmanbaria Women Development Forum  
**DFI** -Development finance institution  
**ESDO** - Eco-Social Development Organization  
**FAO** - Food and Agriculture Organization  
**LDC's** - Least Developed Countries  
**LEA** - Local Economic Assessment  
**LoCAL** - Local Climate Adaptive Living Facility  
**IELD** - Inclusive and Equitable Local Development  
**JSF** - Jobs, Skills and Finance for Women and Youth  
**ODA** - Official development assistance  
**OECD** - Organisation for Economic Co-operation and Development  
**PE** -Private Equity  
**PPPs** - Private Public Partnerships  
**SACCOs** - Savings and Credit Co-operative Societies  
**SMEs** - Small and Medium Enterprises  
**UN** - United Nations  
**UNCDF** - United Nations Capital Development Fund  
**UNDP** - United Nations Development Program  
**UNW** - United Nations Entity for Gender Equality and the Empowerment of Women  
**VC** - Venture Capitalist  
**WASH** - Water, sanitation, and hygiene  
**WDFs** - Women Development Forums  
**WEE** - Women Economic Empowerment

# FOREWORD



Since its founding in 1966, the United Nations Capital Development Fund (UNCDF) has focused on unlocking capital to address the needs of the most vulnerable people in the world. UNCDF's work in 46 Least Developed Countries (LDCs) particularly emphasizes localization, from analysis to intervention development, from implementation to follow-through.

UNCDF is rising to meet the global challenge of financing efforts to achieve women's economic empowerment (WEE) in its LDC-specific, locally driven manner.

For UN Capital Development Fund, supporting local efforts for scaling up financing in emerging markets and less developed economies for gender equality and women's economic empowerment is one of the major priorities. Our experiences in the programme countries specially in partnership with UN Women and UNDP clearly shows that in LDCs, women's economic empowerment challenges and associated financing needs are unique. This paper is developed at a critical time with COVID-19 economic recovery challenges, widening gender gaps and shrinking domestic resources at the local level across countries in LDCs.

One may wonder why a specific approach is needed in LDCs. LDCs, which account for 12% of the world's population and 2% of its gross domestic product, are set apart by the severity of their structural impediments to sustainable development. Limitations in capacities—both human and institutional—and infrastructure exacerbate the challenges facing women, in large part due to the heavy volume of unpaid manual domestic and care work they shoulder. The scarcity of domestic financial resources necessitates a unique approach to capitalizing projects and businesses that can drive positive development outcomes, in particular for WEE.

Building on the experiences from the Local Development Finance within UNCDF, this paper draws much-needed attention to the gaps and bottlenecks for financing WEE in LDCs while proposing practical solutions for global and local stakeholders across the public and private sectors, particularly considering that working together to create sustainable positive impact for women and girls in LDCs will require greater scaling up of financing.

Notably, the paper does not shy away from entrenched structural barriers such as policy biases, the lack of female representation in politics and business, or inadequate funding for municipal governments to tackle gender-related issues at the local level. Working together to create sustainable positive impact for women and girls in LDCs will require greatly scaling up financing. The paper highlights the role of local blended financing and new alliances with private partners to create incentives for investment in sectors, businesses, and projects that explicitly benefit women.

This paper comes at a critical time given the COVID-19 pandemic. Even as we see hope on the horizon in some countries in terms of quelling the spread of pandemic, LDCs are just beginning the long-term recovery and rebuilding that will be necessary in the wake of the economic crises wrought by the pandemic. COVID-19 has and will continue to exacerbate gender inequalities and female poverty, in particular by increasing unpaid care work (largely falling to women) and causing loss of income-earning opportunities for women, which were already scarce in LDCs. The gender dimension to COVID-19 represents both an urgent need and a new opportunity for international actors, local governments, private sector partners, and women's groups to come together to rebuild local systems and policy environments that are gender-equal and foster sustainable economic empowerment for women.

A stylized, handwritten signature in black ink, appearing to read 'Preeti Sinha'.



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# I. EXECUTIVE SUMMARY



**The path to resilience and development in least-developed countries (LDCs) depends in large part on the ability of women to fully participate and meaningfully benefit from economic activity.**

Women make up half the population and yet are dramatically under-resourced and underrepresented in the political, economic, and social spheres of life. Despite their important roles across business, food production, community resilience, and household vitality, women face complex and interconnected barriers at the structural and individual levels that impede overall development outcomes.

**Despite widespread recognition of the vital importance of achieving women's economic empowerment in LDCs, the resources available to finance and execute meaningful interventions in this area have continually fallen short.**

A meager 4% of bilateral development aid is primarily targeted at gender equality, and financing from private and local government sources, while growing, is still small in relation to the challenge and opportunities to address it. For example, private funds with a gender lens mandate invested in 2019 a total of \$4.8 billion in 2019 and \$11bn by the end of 2020 [1], with the majority allocated to the United States and virtually none explicitly targeting LDCs.

**There are several promising approaches and tools that drive holistic, participatory women's economic empowerment (WEE) in LDCs.**

It is imperative that these approaches be amplified, replicated, and tailored to local contexts to meet the needs of women and their communities. Drawing from the experience of UNCDF UN Capital Development Fund's Local Development Finance programs on women's economic empowerment specially the initiative undertaken in collaboration with UNDP and UN Women and leading WEE financing strategies from a range of other organizations, the paper recommends three key solutions to increasing WEE financing in LDCs:

1. Interventions should be **holistic**, addressing deep entrenched discriminatory practices and systemic biases as well as accounting for the many interconnected roles and constraints women face in the various spheres of life.

- 2. **Locally driven, bottom-up strategies** are most effective at enabling local governments and other stakeholders to inform and sustain women's economic empowerment.
- 3. **Innovative and blended finance instruments** are needed to boost the total amount of resources available for WEE specifically. Better targeted municipal financing, private investments, gender-lens funds and gender bonds are some of the examples of financing instruments needed in LDCs to promote WEE.

**The effects of the COVID-19 pandemic have widened gender inequality and deepened the need for gender-responsive approaches to resilience-building.**

UN Women and UNDP data shows that the pandemic will push 47 million more women and girls below the poverty line, reversing decades of progress to eradicate extreme poverty [2]. In place of the expected decline in the women's poverty rate (2.7% between 2019 and 2021), the rate is expected to increase by 9.1% [3]. Local government interventions, support to health care workers, social protection and relief measures are core elements of an effective response to help local communities recover and rebuild from the ongoing crisis the pandemic has wrought. Special attention needs to be paid to supporting women in their various roles as informal workers, employees, small business owners, community leaders, and caregivers.

**Governments, central banks, development institutions, the private sector, and community-based groups all have key roles to play in WEE in LDCs.** Women's economic empowerment is a significant opportunity for a wide variety of stakeholders to contribute to 'last mile financing' and lasting economic uplift in the most vulnerable and underserved parts of the world. The report concludes with tailored recommendations for these stakeholders based on their strengths. Working in concert, it is possible to alleviate and overcome the complex array of factors currently impeding women from full and productive participation in the economies of LDCs.



# II. INTRODUCTION AND OBJECTIVES



## A. Introduction

As asserted by the United Nations (UN), “gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.[4]” This basic concept has long been recognized and has been gaining traction across the public, private, and non-governmental spheres in recent years. Awareness and evidence is building around the fundamental importance of engaging women and girls as both a means (to sustainable development and business outcomes) and as a legitimate and worthwhile end in itself.

To achieve equality in social, political, and economic spheres, women must have agency to engage fully in the economies where they live and transact. Women’s economic empowerment (WEE) refers to the condition in which women can exercise control over and benefit from assets, income, their own time, risk management, and opportunities to improve their economic status and wellbeing [5]. Women make up at least half of the global population and represent huge potential as earners, consumers, care

providers, environmental stewards, and change agents which is not realized fully by their societies. They make decisions every day about how to best use scarce resources for the good of their families and communities, with far-reaching implications in aggregate. Achieving all 17 UN Sustainable Development Goals (SDGs) depends heavily on SDG 5: Gender Equality, and will only be possible if women are fully empowered to participate in the labor force, entrepreneurship, politics, and community leadership, and decision-making in their private lives.

While barriers to women’s empowerment exist in nearly all countries, in Least Developed Countries (LDCs), they are especially pronounced as they are exacerbated by the broader constraints of poverty and vulnerability to a range of shocks[6]. Defined by the UN as “low-income countries confronting severe structural impediments to sustainable development,” LDCs are extremely vulnerable to economic and environmental shocks. LDCs also face constraints in infrastructure and local government resourcing that impede their ability to cope with those vulnerabilities. Paradoxically, this makes gender equality especially important in LDCs as WEE can help to build resilience and manage risks and shocks prevalent in these environments. Yet the conditions of poverty also exacerbate gender inequalities. Too little attention has been paid to this topic, and in particular there is a gap in innovations to effectively finance and resource WEE in LDCs.

The paper builds on the work undertaken by UN Capital Development Fund to increase local investments and expand fiscal space for gender responsive local economic development and local government finance. Along with UNCDF work, the paper highlights experiences of major partners active in gender lens investing and SME financing. UNCDF’s experiences underline the central role of the local partners including local governments and private sector for leveraging local investments and promoting a conducive environment that allows women to take full advantage of local economic opportunities.

[4] United Nations Sustainable Development Goals, “Goal 5: Achieve gender equality and empower all women and girls.”

[5] Oxfam (2017). “Oxfam’s Conceptual Framework on Women’s Economic Empowerment.”

[6] UN/DESA Website: [https://www.un.org/development/desa/dpad/least-developed-country-](https://www.un.org/development/desa/dpad/least-developed-country-category.html#:~:text=Least%20developed%20countries%20(LDCs)%20are,low%20levels%20of%20human%20assets.)

[category.html#:~:text=Least%20developed%20countries%20\(LDCs\)%20are,low%20levels%20of%20human%20assets.](https://www.un.org/development/desa/dpad/least-developed-country-category.html#:~:text=Least%20developed%20countries%20(LDCs)%20are,low%20levels%20of%20human%20assets.)

# II. INTRODUCTION AND OBJECTIVES

## B.Objectives and Structure

This paper attempts to highlight and address WEE financing gaps in LDCs and inform the global development and policy community on solutions to adequately fund WEE in LDCs. It aims to contribute to strengthening diverse investments (both public and private) that advance WEE in LDCs.

In particular, building on UNCDF and partner's work, the paper highlights the importance of investing in local infrastructure and women entrepreneurship and supporting women owned and gender responsive SMEs on their path to growth. The paper advocates for a transformative approach for promoting women's economic

The paper builds mainly on the review of past and current experiences of UNCDF on WEE financing and women's economic empowerment. A review of partner experiences, available data on gender lens investing is conducted to analyze financing trends and gaps for the LDC contexts. The paper analyzes the specific context and constraints of financing WEE in LDCs and then illustrates how designing systems with women in mind can create change required for sustainable, community-based economic development

The next section (Section III) summarizes contextual factors and constraints in two main topics:

- 1.**The importance of WEE in LDCs**
- 2.**The current state of financing for WEE in LDCs, from international, local, blended and private capital sources**

Section IV focuses on three key types of solutions that respond to the particular constraints outlined in section one:

- 1.**A holistic approach to WEE financing that recognizes the interconnected challenges described above.**
- 2.**A locally driven and bottom-up strategy that engages local governments and other stakeholders as drivers of the investment priorities and programs**
- 3.**Innovative, blended financing to support long-term and transformative WEE by catalyzing private investment**



Tools, indicated by the blueprint icon, are analytic processes or assessment aids that can be used across countries and contexts to implement the solution.

Examples, indicated by the magnifying glass icon, are context-specific illustrations of projects, partnerships, or investments that have applied the approaches and solutions described.



**Section V** is a spotlight on the ongoing COVID-19 pandemic and its economic fallout, highlighting the importance of WEE in building resilience to support long-term economic recovery.

**Section VI** provides recommendations for specific actors in the local economic development ecosystem to enhance WEE and concludes the paper with a call to action.

The paper will be an important input to the Local 2030 Agenda and financing and investment for development processes to enhance partner accountability on gender equality. Technical approaches and experiences in the paper will be instrumental for the partners implementing Local 2030 agenda to incorporate a gender lens in local economic development and investment plans and strategies. It will contribute to the policy dialogue at the United Nations in the context of the 2030 Agenda for Sustainable Development and the implementation of targets related to gender equality.



# III.CONTEXT FOR FINANCING WEE IN LDCS

## A. Importance of WEE in LDCs

WEE is a critical ingredient for systemic change and long-term sustainable economic development, especially in LDCs. Given the particular vulnerabilities of these countries, it is important to fully economically engage women so that they can help provide economic resilience, better manage shocks, and invest in their futures

Given the fragility and underdeveloped economic structures in the LDCs, promoting women's economic empowerment in these economies is an important step for reducing entrenched poverty and inequality. Women in these regions are predominantly associated with informal sector, subsistence farming and farm based small businesses. Often, with lack of productive and economic resources such as land, transportation, access to markets, financing, and technical skills, women in the LDCs often stay in low paying jobs and small holding subsistence agriculture farming.

Women's full access to labour market and their participation in entrepreneurship is often restricted in the LDCs due to underdeveloped services, poor infrastructure and a non-conducive market with low local demand and less purchasing power. These factors often do not allow women businesses to thrive and take full advantage of the available economic opportunities.

Given these inter-connected challenges, women's engagement in economic activity in the LDCs is relatively lower than men (57%, compared with 78% for men. [7]

Even when women are included in the workforce, women's full and productive economic engagement is constrained by segmented labor markets that reflect women's roles as providers of unpaid care and domestic work, as well as other structural factors including limitations in infrastructure; access to education, healthcare, financing and other basic services; and social norms that govern their ability to influence decision-making at multiple levels of society.



Petro and sons site,Tanzania,UNCDF

Land is a critical asset in these regions and women's ownership of land is still a far cry in LDCs. Plots of land owned by women also tend to be smaller than men. For example, in countries such as Bangladesh, Ethiopia, Malawi, the Niger, Nigeria, Tajikistan, the United Republic of Tanzania, Uganda and Viet Nam, the average share of agricultural land area owned solely by women is around 15 per cent, (42.84) compared with 62 per cent owned by men and 24 per cent in joint ownership(8)(FAO, 2020b)

[7] World Bank Data, <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=XL>

[8] FAO, 2020 'Gender and Land Rights Database. In: Food and Agriculture Organization of the United Nations[online]. Rome. [www.fao.org/gender-landrights-database/data-map/statistics/en/?sta\\_id=1162](http://www.fao.org/gender-landrights-database/data-map/statistics/en/?sta_id=1162)

# III.CONTEXT FOR FINANCING WEE IN LDCS

With right solutions provided, there is tremendous potential to assist women in LDCs achieve decent livelihoods through expansion of agricultural and local business opportunities. Scaling up income earning opportunities is critical to lift women and their families in LDCs out of poverty and vulnerability. Women in these regions with their engagement in agriculture, small businesses and the informal economy are often the backbone of the local economic activity. Therefore, local economic development plans and budgets that puts women at the center of target interventions are needed to lift local economies and to address gender inequalities in the last mile economies.

More specifically, there are three major areas that are important for addressing barriers for women's economic empowerment in the LDCs.

**Infrastructure development** such as transportation, water and sanitation and technology forms a foundation that reduces unpaid care work, enables economic activity and the provision of basic services, and thereby also affects incentives to invest. The availability and conditions of infrastructure have major implications for the capabilities and wellbeing of individuals and households. Infrastructure can directly reduce the amount of time spent by women on household maintenance, energy and water collection, and household sanitation and health care, and in so doing increase the time women have to undertake economic activities. In addition, infrastructure is a key generator of employment, both directly and indirectly through the economic activity it enables.

Deficiencies in availability and access to infrastructure are especially strong in LDCs, and particularly challenging for women. Although public funding for infrastructure in developing countries accounts for 70-80 per cent of total spending, it is important to note that infrastructure investment by itself does not result in inclusive economic development.

The quality and cost of access to services are critical to the potential for these investments to fully benefit women. UNCDF's work in LDCs shows that investments in local infrastructure designed to meet the specific needs of women by incorporating child care facilities, provisions for women's safety and access to water and sanitation not only allow women to have better access to income earning opportunities, but also enable them to reduce the burden of care work.



SIDO,Tanzania,UNCDF

**Access to basic services** is a prerequisite for economic empowerment and overall development, but also presents greater challenges for women. For women and girls, services such as education, energy, healthcare, water and sanitation, and financing may be off-limits due to affordability, physical distance, or restrictive social norms. These factors themselves are interconnected. For example, lack of access to clean energy in households disproportionately affects women because they often spend more of their time around the household hearth. The time and labor to collect water when there is a lack of access to running water falls on women in many places. Two-thirds of illiterate adults worldwide are women [9], reflecting their lower participation in basic education and resulting in more limited economic opportunities.



# III.CONTEXT FOR FINANCING WEE IN LDCS

Social norms play an extremely important role in shaping women's lives. Social norms are the common standards and expected behaviors among a group of people or community. As pertains to gender, these norms define the unwritten rules of behaviors for men and women, and their interactions with one another. Social norms dictate that women and girls assume responsibility for the performance of the bulk of unpaid care and domestic work that builds human capabilities. Gender norms also play a role women's access to basic services by de-prioritizing investment in the health, education, and wellbeing of girls and women. In many cases in LDCs (and elsewhere), traditional gender norms restrict women from full participation in economic activity and decision-making, as well as their ability to grow and scale their businesses. It is too commonly the case that social norms both sanction and are reinforced by the use of gender-based violence.



Cheese processing, UNCDF funded investment Bangladesh

The agriculture sector provides a compelling example of how these interconnected challenges inhibit WEE in LDCs. Agriculture accounts for 70% of jobs in the Kigoma region of Tanzania and is dominated by small holder farmers and ran fed farming [10]. A confluence of factors in rural areas of LDCs is leading to an increasing role of women in agriculture (e.g., men migrating to cities, conflict, a growing number of female-headed households). Studies have shown a gender gap in productivity in many of these countries, which can be largely attributed to women's limited access to a variety of resources: machinery, technology, inputs such as fertilizer, support for childcare, labor, and land [11]. Many of these limitations, in turn, reflect restricted access to enabling capacities such as information, education, and finance.

Social norms around gender perpetuate the conditions outlined above and limit women's ability to realize their full potential as producers. This in turn limits their productivity and economic output for a sector where they are becoming increasingly important contributors. Social norms and barriers for women therefore hold back women, men, local economies and communities.

In LDCs, economic empowerment of women must therefore look beyond livelihoods to provide access to a panorama of resources and types of support. Although potentially overwhelming, and wrought with challenges, sustainable WEE is vital for achieving full economic productivity of both men and women. And it is possible, using a variety of solutions and approaches outlined later in this paper.



Maya, UNCDF funded company based in Mali specializes in food processing

[10] UNCTAD, [“The Least Developed Countries Report 2020”](#)

[11] Ibidem

# III.CONTEXT FOR FINANCING WEE IN LDCS

## B. Current landscape of financing for WEE in LDCs

### 1. DEVELOPMENT FINANCE

Despite the importance of economically empowering women to achieve development, current finance to enable and drive WEE in the LDC context is insufficient in volume and inadequately targeted. Development finance and aid from external sources is critical in LDCs because these countries have low levels of income and domestic savings, and local resource mobilization is often inhibited by ineffective systems. Recent analysis by the OECD found that in 2018-2019, 45% of bilateral aid went toward gender equality and women's empowerment as a significant or primary target, the highest proportion ever. While this trend is encouraging, a mere 5% was primarily aimed at gender equality and 55% did not include such objectives at all [12].

The top sectors targeting gender equality by volume of capital were government and civil society, education, agriculture and rural development, humanitarian aid, and other economic infrastructure and services. Most of these were also top sectors in terms of share of aid integrating gender equality, with the exception of humanitarian aid where only 22% integrates gender equality. Aid in the industry, business, banking, and energy sectors had very little emphasis on or awareness of gender. For example, only 16% of the aid in the energy sector and 36% in the industry, business, banking and financial services sectors integrates gender equality objectives [13]. Finally, beyond experimental projects [14], aid to directly support reductions in unpaid care and domestic work has not been forthcoming.

In most cases, development funding in LDCs does not address systemic barriers or specific causes of women's exclusion from local economic development. Women are often excluded from local-level development agendas, as well, except at a high level, or as required under meta policy mandates. Furthermore, the conditions of poverty exacerbate gender inequalities due to various factors, including greater time required for unpaid domestic work, inability of women to acquire and retain assets, and greater incidence of gender-based violence and early marriage [15]. The bidirectional relationship of poverty and gender inequality creates a vicious cycle that can only be broken through increased and better-targeted WEE financing.



Maya, a woman owned company based in Mali specializes in food processing

Recognizing the need to include women in economic activities is a basic first step. In practice, including women in LDCs countries is a complicated endeavor, and it's not always obvious how to make it a reality. The barriers to inclusion exist at multiple levels, requiring a variety of stakeholders to work in concert. At the systemic level, structural constraints for women may need to be addressed through policy changes that both reduce unpaid care and domestic work and create the legal and regulatory frameworks for their participation as owners and employees.

Local and municipal level stakeholders need to translate these policies into plans and systems that make on-the-ground changes alongside the private sector. And at the community and individual level, women in LDCs face cultural norms and competing priorities with unpaid labor that drain valuable time and energy that could be used to support WEE. Often, stakeholders that need to coordinate to tackle these multiple levels lack the knowledge or resources to drive change by addressing restrictive gender norms or lessening burdens on women in the domestic sphere.

[12] OECD (2021), "Development finance for gender equality and women's empowerment: A 2021 snapshot."

[13] OECD (2021), "Development finance for gender equality and women's empowerment: A 2021 snapshot."

[14] IDRC, "How mothers in Kenya balance paid work and child care"

[15] USAID (2015) "Gender and Extreme Poverty."



# III.CONTEXT FOR FINANCING WEE IN LDCS

## 2. LOCAL GOVERNMENT FINANCE

In LDCs, local governments and their sub-departments play a crucial role in economic development for two main reasons: 1) the development needs and priorities can vary greatly from one area to the next within a country; and 2) people in LDCs outside of major urban areas rely almost entirely on their local economy and jurisdiction for their livelihoods. Local and regional government entities receive resources from central governments and local tax revenues and translate them into policies, budgets, action plans, and programs that have significant impact on communities. Local government administrations are central drivers of WEE in LDCs because of the highly context-specific nature of gender-based constraints.

Yet local governments' ability to serve these important functions is hampered by a lack of resources. Local governments have three main sources of financing: intergovernmental transfers, own source revenues (from taxes and fees), and subnational borrowing. Transfers and grants from the central government are the largest source of local government funding in most countries, representing 60% of their revenue in low-income countries (compared to 46% in high-income countries). However, subnational government revenue represents less than 26% of total public revenue globally [16], and much less in many LDCs [17]. Subnational borrowing is not a significant source for most LDC local governments. Revenue generation from taxes and charges makes up about a third of low-income countries' local government revenue [18].

This source has the potential to help boost resources, but is often constrained by both poverty and informality, which make tax collection difficult. [19]

Of the limited and insufficient resources that local governments in LDCs do receive or earn, a vanishingly small proportion is spent on WEE-focused programs or interventions. For example, in Bangladesh only 3% of Upzila (local government) annual development budget is allocated to Women Development Forums, which is a group of elected women representatives at the municipality level spread all over the country.

The WDF members, often under-utilized, are closest to the communities and play a crucial role in local economic development. Perhaps related, women are underrepresented in decision-making and leadership roles in local government bodies (as is the case in nearly all countries in the world). Research has shown that increased representation of women in some subnational governments has led to increased spending on healthcare, social welfare, childcare centers and services for children, youth, and abused spouses [20]. These areas are foundational to unlocking other constraints for women and are often underfunded. Women as part of local government bodies can play a critical role in creating enabling environments and incentives to mobilise local financing targeted to drive WEE in LDCs.



Food processing business funded by UNCDF in Mopti, Mali

[16] OECD/UCLG (2019), 2019 Report of the World Observatory on Subnational Government Finance and Investment – Key Findings, p. 70-73

[17] SNG WOFI database: [www.sng-wofi.org](http://www.sng-wofi.org)

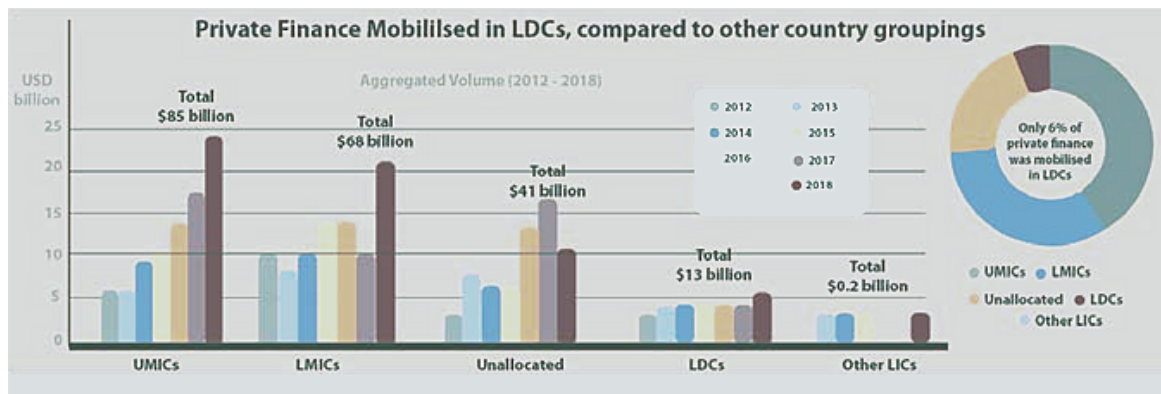
[18] OECD/UCLG (2019), 2019 Report of the World Observatory on Subnational Government Finance and Investment – Key Findings, p. 76

[19] <https://www.gold.uclg.org/sites/default/files/informe%20HLPF.FINAL.pdf>, p. 107

[20] Kendall D. Funk, Andrew O. Phillips (2018) "Representative Budgeting: Women Mayors and the Composition of Spending in Local Governments"

# III.CONTEXT FOR FINANCING WEE IN LDCS

## 3. BLENDED AND PRIVATE FINANCE



LDCs continue to receive the lowest, although increasing in volume, share of **only 6% of private finance mobilised** by official development finance interventions. Between 2012 and 2018, approximately **USD 13.4 billion** was mobilised in LDCs. This compares with over 84 billion (41%) in UMICs and 68 billion (33%) in LMICs.

Source: OECD, UNCDF, "Blended Finance in the Least Developed Countries 2020" [25]

Blended finance is defined as the use of capital from public or philanthropic sources to increase private sector investment in sustainable development [21]. Deploying public funds to catalyze private capital is widely recognized as an imperative to achieve the ambitious targets and plans established by the UN Sustainable Development Goals (SDGs). Given the estimates of around USD 3.9 trillion required annually to achieve the SDGs compared to the USD 1.5 trillion in ODA, it's quite clear that the majority of funding will need to come from other sources [22].

Blended finance instruments help draw private capital into development interventions by lowering risk, demonstrating the validity of new markets, and creating incentives for investment. This can be achieved through guarantees, first-loss pools of capital in structured funds, donor-funded technical assistance facilities, grant-supported equity, or other forms of capital matching.

Given the investments required to achieve women's economic empowerment as outlined above, there is ample opportunity for blended finance to support these goals. However, blended finance transactions have by and large not targeted outcomes for women and girls. Only 6% (US\$ 13.4 billion) of private capital mobilized by blended financing transactions between 2012 and 2018 official development assistance (ODA) was invested in LDCs (see Figure 1) [23]. Among the country categories, this represents the lowest proportion of mobilized private finance as lower middle-income countries received USD 68 billion, while upper-middle income countries received USD 84 billion. Over 60% of the LDC private finance was invested in three major sectors—energy, banking and financial services, and mining and construction while social sectors including health, water and sanitation, education, and others including gender equality remained the least targeted area [24].

While this may be in part because of the general difficulty of investing in those markets, when put in context of the goals of ODA and the SDGs to reduce extreme poverty, it is surprisingly low. The COVID-19 crisis and resulting economic shock has posed the risks of further reducing external financing for LDCs.

The collaborative platform Convergence analyzed 530 blended finance transactions and found that 24% were either gender-aware or gender-intentional (with a slight majority of those being gender-aware) [26]. This implies that the large majority of blended finance deals do not even include an awareness of gender or any indicators related to gender equality. An earlier study by Convergence of 300 deals found the 100 gender-related transactions were on average smaller than other blended finance deals, with an average size of USD 114 million compared to USD 320 million for the overall blended finance deal size [27]. Gender-related deals were more likely than the full sample of blended finance deals to target the financial services sector (38% vs. 25%) and non-energy infrastructure (18% vs. 13%). Conversely, they were less likely to target energy and agriculture. Health and education represent quite small proportions of both gender-related and non-gender related deals [28]. These critical sectors seem to be ripe, underrepresented targets for blended finance since women stand to benefit greatly from access to energy, health, education, and inputs and resources for agricultural production.

[21] Convergence, [convergence.finance](https://convergence.finance)

[22] Convergence (2019) "Blended Finance Sector Deep Dive: Gender (Consultation Paper)"

[23] OECD, UNCDF (2020) [Blended Finance in Least Developed Countries](https://www.uncdf.org/bfids/home), <https://www.uncdf.org/bfids/home>

[24] OECD, UNCDF (2020), "Blended Finance in the Least Developed Countries 2020"

[25] Nisa Nejadi (2020), "The State of Gender Lens Investing," Wharton Magazine (online)

[26] Convergence Blog, July 9 2020, "Assessing Gender-Lens Investing in Blended Finance"

[27] Convergence (2019), "Blended Finance Sector Deep Dive: Gender (Consultation Paper)", p. 8

[28] Ibidem

[29] Sandra Maro Hunt and Suzanne Biegel (2020), "Project Sage 3.0: Tracking Venture Capital, Private Equity and Private Debt with a Gender Lens" Wharton, UPenn.

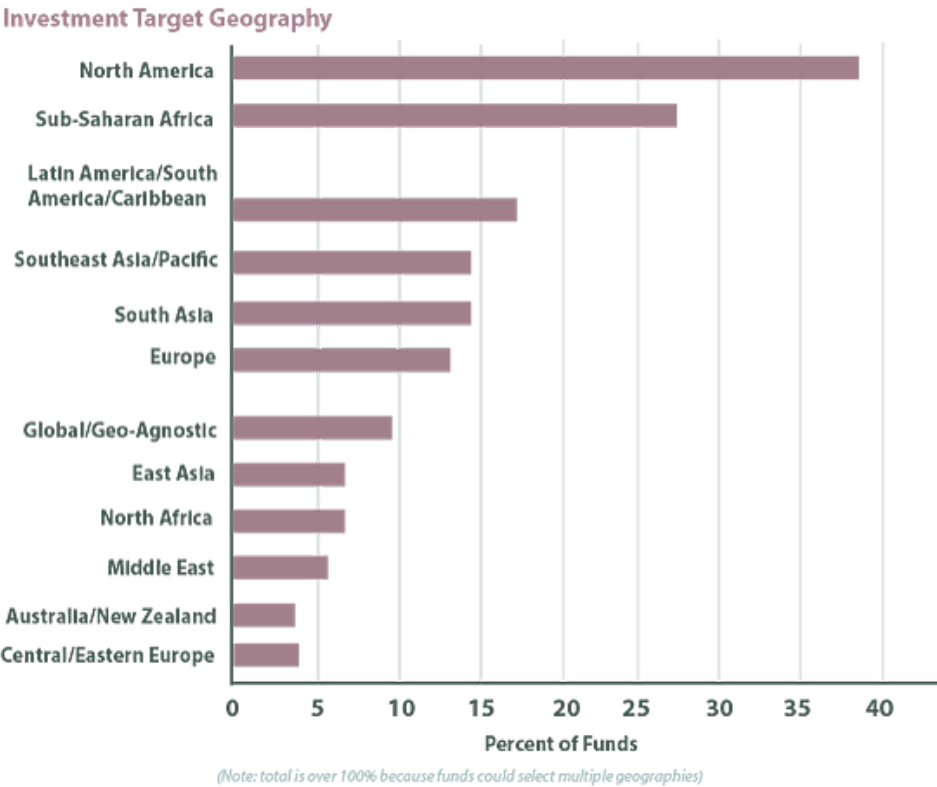


# III.CONTEXT FOR FINANCING WEE IN LDCS

Known private equity and venture capital funds applying a gender lens raised a total of \$4.8 billion as of the end of 2019, and much of this capital will likely be deployed in the United States (Figure 2) [29]. While this estimate is a floor rather than a ceiling, it demonstrates that the magnitude of private capital being invested for WEE in developing countries is small compared to the needs.

In addition, these funds include a variety of approaches to gender-lens investing, from focusing on women in fund management and executive positions to investing in companies developing products and services for women and girls, or those that benefit women in their supply chains. Some of these areas of focus are likely to be more relevant in the near-term for advancing WEE in LDCs than others, namely an emphasis on women in supply chains and women as employees and customers.

Opportunity exists to increase the share and total capital deployed with a gender lens in blended finance transactions, since mainstreaming gender should be relevant to almost every investment--and to increase the volume of transactions with women's economic empowerment at the forefront.



Source: Wharton Magazine, Project Sage 3.0



Femme Rurale. UNCDF funded project in Mopti, Mali



# IV. SOLUTIONS

## A. Solution 1: A holistic approach to WEE financing:

Given the interconnected nature of the political, social and economic systems in which women operate, UNCDF has found that sustained WEE in LDC contexts requires a holistic approach.

Practically speaking, this means activities must analyze the full ecosystem of structural barriers that women face and then address the key barriers wherever they exist. For example, interventions intended to provide income-generating opportunities for women may also need to include improvements in access to WASH, infrastructure inadequacies, transportation challenges, support with unpaid care work, division of roles in the home, and education.

These interconnected challenges conspire to hold back women's economic participation and empowerment. A holistic approach also entails working to empower women at multiple levels simultaneously -- individual, household, community, and national [30]. While a single intervention may not address all these areas, it is important to take them into consideration and connect with synergistic programmes in areas not covered. Section below focuses on the holistic approach applied by UNCDF in programme countries

## UNCDF'S WEE FINANCING APPROACH FOR LDCS

To achieve the objectives of promoting WEE, UNCDF in collaboration with UN Women and UNDP as part of the joint global programme, "Inclusive and Equitable Local Development (IELD)" has developed an investment approach that helps unlock local financial resources including private and municipal funds to support women's economic empowerment.

The programme took a systems-based approach and worked with local governments and the private sector in LDCs to design and implement investments that unlock barriers to WEE. Working across Bangladesh, Tanzania, Uganda, Palestine, Mali, and Senegal, IELD tested a wide range of innovative solutions to increasing the flow and effectiveness of funding for WEE-supporting municipal projects and local businesses.

The approach focuses on local authorities to strengthen gender-responsive economic policy, planning, and budgeting systems as well as women-owned small and medium-sized enterprises (SMEs) through technical advice on business development and partnership building.

UNCDF's WEE financing takes a multipronged approach to solve the complex and multi-level puzzle of facilitating WEE in LDCs. Given that women operate as individuals within communities within local and national regulatory environments, solutions explicitly target barriers that exist in these different environments.

Economic empowerment is more than being employed or earning an income; it comes about when women can exercise control over and benefit from resources, assets, income, their own time, risk management, and opportunities to improve their economic status and wellbeing [31]. To realize these simultaneously, UNCDF's investments are locally responsive and embedded while leveraging what the international community has to offer in terms of resources and capacity to complement local sources.

UNCDF's WEE financing approach provides a holistic model for gender responsive local economic development by addressing structural barriers and leveraging innovative blended financing for women's economic empowerment in partnership with the local governments, private partners, women businesses and groups and financial institutions.

# IV. SOLUTIONS

UNCDF given its mandate helps countries in the least developed regions design and pilot financing mechanisms and business models that support locally designed gender equitable public investments and revenue-generating capital investment projects.

It deploys performance-based grants, loans and guarantees to finance local development projects in both public and private sectors. A blended financing approach is used to fund these projects. Through structured project finance, small and medium-sized women enterprise finance, and public-private partnership approaches, UNCDF supports public and private actors to de-risk, build, and unlock private financing for pipelines of investable projects to promote gender equality.



UNCDF funded investment related to geriatric care, Bangladesh

As part of this approach, UNCDF together with UNDP and UN Women has developed a package of tools to support this work in programme countries. This includes:

## **a. Gender-Responsive Local Economic Assessment tool:**

Analysis of the local economy to assess barriers for women's economic empowerment and to identify investment solutions based on a consultative process with local actors including women's organizations, women led SMEs, the private sector and government institutions.

## **c. Women's Economic Empowerment Index:**

UNCDF's WEE financing model includes enhanced strategic planning and financial modelling, due diligence, transaction structuring as well as development of impact criteria to incorporate and track rigorous outcomes on women's economic empowerment. The Women's Economic Empowerment Index (WEEI) is used to assess viability and potential impact of specific investment projects from a gender perspective. WEEI composed of a set of criteria for gender equality developed by UNCDF in collaboration with UN Women, UNDP and technical experts. The WEEI is designed to evaluate and prioritize investment projects based on their contribution to women's economic empowerment.

## **b. Women's Economic Empowerment Training Modules for the Local Governments:**

The technically solid course for local government officials on gender-responsive local economic development was developed as an important source for the local governments to build institutional and technical capacity and to drive local economic development that is centered around eliminating economic inequalities.

# IV. SOLUTIONS

## B. Solution 2: A locally driven bottom-up strategy

UNCDF's approach ensures that investments, planning, and financing decisions are rooted in the local realities with a proper assessment of the specific needs of and the potential impact for women. To ensure that local planning results in meaningful improvements for women's livelihoods and their economic upliftment, UNCDF works with its partners to include women's priorities and input in local decisions through avenues such as gender analysis, gender budgeting and engendering economic governance [32].

Local authorities and municipalities have an important role in assessing the needs and incorporating gender priorities as part of their annual plans and budgets.

## GENDER RESPONSIVE MUNICIPAL FINANCING



Local government bodies and non-governmental entities are not only important development partners for other stakeholders, but are central to ensuring longevity and sustainability of WEE efforts by ultimately reducing reliance on external or international funders. Capacity building for local institutions can develop the knowledge, tools and capabilities to address the myriad issues preventing sustainable WEE in the LDC context.

Local governments in particular have several important roles to play in WEE, including the following [33]:

- Setting an example of best practice for the private sector in its own hiring practices, leadership positions, and supportive internal policies such as safe work environment free of sexual harassment, flexible work arrangements, maternity leave and childcare provision. Ensuring women's equal access to resources, including land and other natural resources. Local governments should make it easy for women to obtain basic legal documents needed to participate in economic activities, such as birth certificates, ID, and title to property.
- Applying a gender perspective to legislation, planning, budgeting and policymaking so that women can more easily participate in the economic, social, political and cultural spheres.
- Applying a gender perspective to taxation policies and administration to ensure women are not disproportionately impacted due to their gender, their marital status, their participation in the informal economy or other sectors, while also ensuring appropriate and safe tax collection.
- Funding and supporting local institutions that promote WEE and gender equality.

Within governments, various agencies and other entities like central banks and chambers of commerce often need support to enable effective planning and budgeting that supports gender-equitable local economic development interventions and investments. For example, UNCDF's projects provide technical support to identify entry points in local government plans, budgets, and investment frameworks to systematically integrate gender-responsive measures. UNCDF also works with central banks to set incentives and requirements for commercial banks to provide finance to women entrepreneurs.

In addition to general capacity building, it is crucial to increase women's representation in decision-making and leadership roles in local institutions. In low-income countries, just 23% of national parliament seats are held by women [34], and this limited representation is typically reflected in the local bodies that are so important for economic development policy and planning as well. Involving more women not only sends a signal about the potential and roles of women in society and politics, it also influences the way funds are allocated and spent. Research has shown that women mayors and other elected officials tend to spend more than men on chronically underfunded but vitally important areas for development such as health, social welfare, and child and youth services [35].

[32] UNW, UNCDF, UNDP (2019). 'Gender Responsive Local Economic Assessment Tool'.

[33] Adapted from UCLG, 'The role of local governments in promoting gender equality for sustainability'.

[34] UNW, UNCDF, UNDP (2019). 'Gender Responsive Local Economic Assessment Tool'.

[35] Adapted from UCLG, 'The role of local governments in promoting gender equality for sustainability'.



# IV. SOLUTIONS



Strong governance structures built on inclusive and gender responsive local policies, systems and regulatory frameworks are needed to address inequalities and to promote inclusive development in the LDCs. More and better targeted local financing through municipalities is needed to support inclusive infrastructure and service delivery. In many municipalities in LDCs, lack of adequate municipal financing for essential services and infrastructure crucial for women's economic empowerment remains a major barrier. In many least developed regions, infrastructure planning and financing for safe transport, inclusive services, local economic solutions, water and sanitation remains inadequate. Vulnerable groups including women and marginalized communities are particularly affected by lack of access to basic transport, sanitation and water infrastructure, but all members of a community benefit from these investments. Building inclusive economies in the LDC municipalities will require better planning and stepped-up investments in essential services and infrastructure that incorporate special needs of the vulnerable groups.

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## 1. Example: A Holistic Approach to the Muyama Market

Cross-border markets in Tanzania provide critical infrastructure to enable regional trade and economic opportunities for businesses and individuals, especially rural women. UNCDF invests in upgrading cross-border markets applying a holistic approach to advance WEE.

For example, in 2020 UNCDF invested in the Muyama Market on the Tanzania-Burundi border region of Kigoma. The current market facility in Muyama is dilapidated, with limited shelter and no water and sanitation facilities. This situation disproportionately impacts women in the market, who in the absence of formal toilets are forced to seek relief in the bushes, leaving them unprotected and exposed to unhygienic practices.

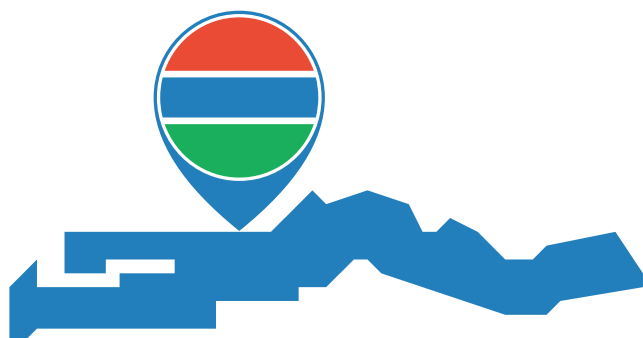
UNCDF partnered with the local village government to relocate and restructure the market, creating a modern facility. The new market will feature a main trading building and an adjacent restaurant facility. At least 65% of the trading stalls in the main building and at least 90% of the restaurant stalls will be allocated to women. The project also creates jobs for women during the construction phase.

The new market's restrooms will be clean and hygienic, with a majority designed for women. These sanitary conditions will be safer and more convenient for women, and also help reduce waterborne diseases in the community as a whole. The market will help reduce unpaid care work by connecting the communities to a clean source of water, preventing the need for women to fetch water for their families.

Further, a special purpose vehicle created to run the market will be at least 20% owned by the local women's cooperative, ensuring they have a voice in board governance and strategic decision-making.

The holistic approach of the project takes into account women as individual workers, as members of households (wives and mothers), and as traders playing an important economic role in the community. In doing so, it will lead to stronger development outcomes within and beyond the physical market—such as improved health and reduced disease in the communities, gains in time and efficiency, improved safety, and gains in bargaining power for female traders.

# IV. SOLUTIONS



*"This is the first time I have worked in a project where you are paid through a bank account. With the small business set up at home, my daily turnover on a good day can go up to D500 out of which D150 is my profit. I use profits in buying vegetables and goods and I intend to be using my account to deposit funds, once I have accumulated enough profit." Ami Jon*



Ami Jon, JSF programme Participant, The Gambia, UNCDF

## 2.Example: Integrating Climate Change and Gender Equality in The Gambia

The Jobs, Skills and Finance for Women and Youth in the Gambia (JSF) Programme addresses the connections between women's economic empower and climate change adaptation. Given women's dependence on agriculture for subsistence and income, they directly experience the effects of climate change in The Gambia in terms of increased drought, erratic rainfall, and rising sea levels causing saltwater seepage into crop production areas. Building resilience among women in response to the changing climate is therefore critical for survival and development.

JSF builds on UNCDF's Local Climate Adaptive Living (LoCAL) Facility and its Performance-based Climate Resilience Grant in more than 20 LDCs. The Programme helps local government plan and budget for gender-responsive climate change adaptation through these mechanisms. JSF focuses on financial inclusion and creation of employment in the green economy for women and youth. Climate risk and vulnerability assessments inform all activities of the programme, with particular attention to the effects of climate change on women and other vulnerable groups. Examples of incentivized interventions are gender-responsive local investments, job creation for women, and participation of vulnerable groups in local planning and decision making.

One programme participant who worked for 45 days under of the cash-for-work opportunities was able to save enough to purchase small ruminants and start a vegetable garden at her house.

# IV. SOLUTIONS

## Building on Existing Systems and Organizations

In many developing countries, including LDCs, women take part in informal or self-organized groups such as women's organizations or cooperatives (SACCOs). These mechanisms are often more accessible, functional, and gender-responsive than formal financial services or business associations. They are also frequently supported by non-governmental organizations that help promote women's voice and agency, as well as organizing around their needs. Local government institutions have special units and gender focal points to support mainstreaming of WEE priorities in local development plans and budgets, these units often operate with meager budgets and resource allocations with low or no say in decision-making. Programmes and investments seeking to support women's economic empowerment at the local level should investigate the existing systems and support mechanisms and how they can be amplified and complemented. Understanding these groups can reveal priorities and preferences of women in the area (how they are working) as well as gaps that new investment can help fill (how they are not working).

Below part of the section presents the tools and examples from UNCDF and partners work on building a local WEE financing solution that is bottom up and takes into consideration differentiated needs and priorities for women in the local economy. A description of the LEA tool is presented to show how a scan of local economy allows decision makers to understand the required interventions for women's economic empowerment. The part below also provides details on the importance of engaging local women groups and local government entities as important actors to promote a bottom up approach for supporting women's economic empowerment priorities.

### 1. Tool: Gender-Responsive Local Economic Assessment

Local Economic Assessments (LEAs) provide local authorities and partners with a robust analysis of local economic conditions that informs their economic policies and interventions. These assessments also complement local authorities' capacity to promote the economic, social and environmental well-being of their area and contribute to the government's overall aim of delivering sustainable development.

The gender responsive LEA is an important step that allows local actors to assess economic structures and identify major bottle necks and opportunities to promote women's employment and their participation in the local economy. LEA is conducted in a participatory manner and involves relevant government partners, private sector, civil society, women entrepreneur groups and relevant UN agencies. It helps to identify major sectors and key institutions that drive women's economic empowerment. A scan of local business and infrastructure environment from a gender perspective identifies main opportunities and challenges for scaling up businesses that mainly benefit women. In the process, economic linkages with national and regional level are identified that are critical for the growth of these businesses.

For example, the IELD Programme's LEA in the Kigoma region of Tanzania identified preferred solutions for local economic development, including the forms of entrepreneurship for women in the communities. The assessment also noted the need to improve water and sanitation services near homes, and how such infrastructural investments not only brought economic benefits but also reduced unpaid care and domestic work. The programme's interventions used these details to shape its technical support to district-level officials (e.g., training on gender-responsive planning and budgeting with a focus on water and sanitation). The LEA's findings also informed IELD's SME support and financing, which targeted individual enterprises and cooperatives and worked with local incubators to address specific barriers to women's entrepreneurship.



# IV. SOLUTIONS



## 3.Example: Partnering with local groups in Tanzania

Petro and Sons Industries is a private fish processing company in Ujiji, Tanzania, along the banks of Lake Tanganyika. Once processed, the shelf life of the fish is extended to six months, thus reducing post-harvest losses and surviving transport to far-away markets in good condition. In its five years of operation to date, the company has established a reliable source of raw fish and market channels, once processed using its one machine. In order to grow and take the production capacity to scale, the company needs investment and working capital. Investment is also desired to comply with regulatory standards important for reaching the most profitable markets, typically export markets.

UNCDF invested alongside the company to more than double the processing capacity of the fish-drying facility, which is unique in the region. The company entered into an agreement with a women's group called Kazi Women Group, which comprises 18 women who micro-process and sell various types of food. Through the agreement, the group will be allocated at least 30% of the company shares. The fish drying facility will also be easily accessible to small-scale women entrepreneurs who bring their raw fish for drying before they can pack and sell to their own customers. A total of 69 individual women entrepreneurs have registered their interest to utilize the facility with Petro and Sons. Traditionally these women dry their fish in the sun in an unhygienic environment and without a proper way of controlling moisture for extended shelf life. Furthermore, dependency on the sun takes a lot of time and is subject to weather conditions.

The project recognizes women's major role in the fish supply chain in the region, and will benefit them as suppliers, employees, and owners. UNCDF's technical assistance and grant funding component will ensure women suppliers and facility users' contracts schemes create benefits to both parties for its sustainability and are enforceable. The project shows how investments can integrate and build on existing groups and cooperatives to ensure and formalize meaningful economic participation for women.

# IV. SOLUTIONS



Women Development Forum, Bangladesh

## 4.Example: Women's Representation and WEE in Bangladesh

The Women Development Forums (WDFs) in Bangladesh are a set of local institutions that have played an exemplary role in reducing barriers to women's economic empowerment. The WDFs were formed in 2013 to carry out the pledge of the National Women Development Policy of Bangladesh to help women overcome social, economic, religious, and cultural barriers to political empowerment. The 551 registered WDFs registered under the Ministry of Women and Children's Affairs mobilize female local elected representatives, who in turn help ensure that governments develop and implement gender-responsive policies and plans.

The WDFs have mobilized 16,000 women elected local government representatives as its members. Each Upazila (administrative division analogous to a county) is mandated by the Local Government Division to allocate up to 3% of its Annual Development Budget to the WDF and its beneficiaries, which is used for training members on topics such as governance, business and income generation, empowerment, and avoiding oppression and early marriage. These trainings provide opportunities for networking and mentorship among women in addition to capacity building. WDFs can also receive grants, project support, or loans from local, national, or international agencies to further their objectives throughout the community.

WDFs facilitate the creation of community leaders, and function as effective "change agents" for the community as they identify key issues affecting women and develop solutions to address their concerns. By mobilizing local institutions such as WDFs, UNCDF can build capacities and strengthen to ensure that women's economic empowerment priorities are well reflected in local economic development plans and decisions. This included several trainings on gender-responsive budgeting and planning, HeforShe campaigns led by UN Women, as well as gender-orientations to sensitize the institutions and to unlock additional public resources towards women's economic empowerment in Bangladesh.

# IV. SOLUTIONS

In a pilot program, UNCDF provided a grant to two WDFs to develop sale centers and training for women entrepreneurs:

- UNCDF supported the Brahmanbaria Women Development Forum (BBWDF) to expand a women-centric entrepreneurship training facility. To generate regular flows of income, the BBWDF also established a sales center and café that supports the necessary marketing, promotion, distribution, and sales efforts of local women artisans and entrepreneurs. A UNCDF grant of USD 15,000 unlocked USD 39,770 in private financing and USD 15,430 in public financing for modern machinery for women-owned SMEs. Twenty women from the marginalized community achieved full-time employment at the sales center and café, earning a total income of USD 8,400 for the first year. Ten new women entrepreneurs have emerged out of 200 trained workers.

- UNCDF partnered with Pirganj Rangpur Women Development Forum to support 200 local women (poor and unskilled, unemployed artisans and struggling entrepreneurs) by developing three local entrepreneurs who were able to create full-time jobs for 30 women. A UNCDF grant of USD 10,000 unlocked USD 43,200 in private financing and USD 16,910 in public financing to establish sales and training centers primarily for marginalized women from the dalit community. The entrepreneurs employ local women in a gender-responsive way, meaning they have the flexibility to do their assigned work along with their household work and have access to additional support for childcare, household care and other family management issues, which directly reduces unpaid care and domestic works like cooking, cleaning, washing clothes, and taking care of children, the elderly, and people with disabilities.

In total, UNCDF's grants to WDFs unlocked three times as much capital from local financial institutions, proving that WDFs can be a critical partner not only in advancing representation but also in increasing the flow of local capital to women-run businesses.



Women Development Forum, Rangpur, Bangladesh



# IV. SOLUTIONS

## B.Solution 3: Innovative, blended financing for WEE

### Blended Finance



Construction of cross-border market, Kigoma, TZ

Blended finance (see definition earlier) is an especially important tool in LDCs, as it has the potential to reduce risk (or perceived risk) to unlock more commercial streams of capital in underserved markets. Different types of blended finance can be used for different purposes; for example, guarantees may be most effective at offsetting risk involved in a new market, whereas concessional financing (at lower-than-market-rates) can help sustain market growth [36]. Further, these instruments and arrangements can be targeted to the sectors and businesses that are most likely to support WEE in a given country. The WEEI tool, described above, may be helpful in identifying businesses to target for support.

In 2020, Convergence analyzed how gender has been incorporated in the blended finance market, based on its database of over 530 blended finance transactions, the majority of which have launched since 2010. Convergence found that while blended finance has demonstrated the ability to mobilize additional financing for gender-focused projects, publicly available information indicates that participants in blended finance transactions have not taken deliberate, consolidated action to incorporate a gender lens.

### SME Financing



UNCDF funded SME in Mopti Mali

Women-led enterprises play a vital role in local economic development in the LDCs, as they are labor-intensive with a short gestation period and are capable of increasing national income; creating jobs; narrowing the income inequality gap; helping to alleviate poverty; and achieving the Sustainable Development Goals (SDGs). In these countries, especially in remote and marginalized areas in Africa, women-led businesses lack access to adequate financing for growth and expansion, due to externalities and disadvantages embedded systematically in the local ecosystem. These include restrictive laws and regulations; lack of assets and land ownership; lack of access to markets, connectivity, and infrastructure for business development; and most importantly, few incentives for local private investors and financing institutions to fund women-led SMEs. Many women-led enterprises, especially early-middle stage, typically seen investments worth \$20,000 to \$250,000 and there is a lack of financial and formal banking infrastructure that creates access to this size of investment [37]. Investors, banks and financial institutions are unable to identify legitimately women-led small and medium enterprises (SMEs) that can create gender impact as well as produce high financial returns.

As demonstrated by UNCDF and partners work presented above, in LDCs, supporting women SMEs with technical assistance and grant support while developing the eco-system and conducive policy environment is required to narrow the financing gap for women-owned and gender-responsive SMEs. A successful approach is built on a bottom-up model to integrate local solutions; this includes identifying gender-responsive businesses that are large enough to have an impact on the local economy to improve women's economic livelihoods. Technical support is also needed to prepare these businesses to grow through better business linkages and access to quality inputs and markets. More appropriate structures and better financing is required for these businesses to support their growth journey and to prepare them to compete in the local and international markets with quality and high-end products. The example below of ESDO Cheese Factory funded by UNCDF demonstrates an example of SME financing approach that includes women's economic empowerment at the center its objectives of scaling up.

[36] Convergence, "Blended Finance in the Least Developed Countries 2020", p. 26

[37] Genevieve Edens, "Closing the Early-Stage Financing Gap for Entrepreneurs," *Business Fights Poverty*, December 5, 2014, <https://businessfightspoverty.org/articles/closing-the-early-stage-financing-gap-for-entrepreneurs/>

# IV. SOLUTIONS

## 5. Example: ESDO Cheese Factory



Cheese factory funded by UNCDF, Thakurgaon, Bangladesh

The Eco-Social Development Organization (ESDO) in Bangladesh works across the areas of livelihoods, skills development, health, education, water and sanitation, nutrition, and agriculture to address the holistic development needs of poor and vulnerable communities.

In Thakurgaon, a district in northern Bangladesh along the border of Bihar, India, ESDO applying its holistic approach to improve WEE through the cheese value chain. Currently, the cheese value chain in Thakurgaon is fragmented and disorganized, reaching the market through various channels. There is no infrastructure or facilities to aggregate the cheese products for sorting, packaging, storing and distribution. The market for cheese in Bangladesh is growing, but is currently concentrated in a few major cities, with demand mainly from faraway Dhaka.

ESDO set out to capture opportunities for poor women in the district to tend livestock and produce milk and cheese. Working closely with the individual woman cheese manufacturers, this project helps develop brand promotion and creates a market for their products to grow and sustain their businesses. To do this, they formed and mobilized a Thakurgaon Cheese Producer Association (TCPA). The TCPA & ESDO jointly develop strategy and actions to promote Thakurgaon Mozzarella Cheese Branding and Marketing. An informal contract farming model has been deployed with livestock women farmers in groups to ensure supply of milk for producing cheese by women cheese producers.

ESDO with the funding from UNCDF is used to construct infrastructure and facilities for value addition like producing cheese, sorting, packaging, storing and distribution. The project ensures a fair share of profit for all women actors along the value chain. ESDO itself is a gender-responsive organization in terms of its internal policies and practices, and is committed to ensuring that women are able to earn incomes and reduce unpaid domestic care work by hiring support.

# IV. SOLUTIONS

## Private Gender Lens Investing Funds

The Wharton Social Impact Initiative's Project Sage tracks the development of the gender-lens investing field with a focus on private equity and venture capital funds. The most recent data found that the number of private markets funds investing with an explicit gender lens globally is increasing, with nearly half of the 138 currently active launched in 2019 alone. These funds apply one or more of various strategies to explicitly target women's empowerment--including focusing on elevating women as fund managers, business leaders, employees, customers, and supply chain participants [38]. While a third of these funds primarily target North America, a growing number target sub-Saharan Africa, Latin America, and Asia.

Meanwhile, development finance institutions (DFIs) from the G7 countries have mobilized \$4.5 billion of capital for WEE through the 2X Challenge, using a set of criteria that help define what it means to "invest in women." [39] Qualifying investments can be directly into local enterprises that economically empower women, or into funds that apply this lens to their portfolios. More funds applying this approach to locally managed funds in LDCs would help to focus capital and investment strategies on the highest-impact areas for WEE, while also encouraging local stakeholders to integrate a gender lens more broadly.

Another recent development in the gender lens investing space is the emergence of "gender bonds." Bonds can be issued by corporates, multilateral institutions, or other entities in support of projects that advance gender equality through a range of methods. They can also be issued on the basis of an issuing company's internal gender equality policies and practices being gender inclusive. External standards such as the UN Women's Empowerment Principles or independent ratings can be used to assess eligibility for this category. See more information in Box 3, Gender Bonds. [40]

Gender responsive public private partnerships (PPPs) can be effective in leveraging private institutional finance to support gender sensitive initiatives such as social care economy initiatives.

### Box 1: Gender Bonds

Gender bonds are emerging as a new tool to direct financing toward women's economic empowerment. Thematic bonds such as green and social bonds typically specify particular activities or projects for which the bond proceeds will be used, and report on the allocation of the bond proceeds to these uses. Given the novelty of the and the many ways to impact gender equality, standards and definitions for gender bonds are still in development. The various types have been summarized as: corporate behavior gender bonds (issued based on internal practices rather than use of proceeds), financial inclusion gender bonds, and multilateral- or DFI-issued bonds that target social impact or SDG progress. To date, most gender bonds have fallen into the second and third categories and have targeted Asia and Latin America.

A recent report published by UN Women and FSD Africa examined the potential for gender bonds in sub-Saharan Africa (SSA). While other kinds of thematic bonds, such as green bonds, have been gaining traction in Africa, to date no gender bonds have been issued on the continent. The analysis found the greatest market potential for gender bonds in SSA in Nigeria, Kenya, and South Africa based on the depth of the capital markets, interest in themed investments, and current gender lens investing activity. The sectors with the greatest opportunity for gender bond issuance in SSA are microfinance or lending to women-owned businesses, agricultural investments that enable female smallholders to improve their businesses, access to water, and access to basic products and services that specifically benefit women and girls.

[38] Sandra Maro Hunt and Suzanne Biegel (2020). "Project Sage 3.0: Tracking Venture Capital, Private Equity and Private Debt with a Gender Lens" Wharton, UPenn.  
[39] 2X Challenge Website, <https://www.2xchallenge.org/home>



# IV. SOLUTIONS

## 1. Tool: Women's Economic Empowerment Index



The Women's Economic Empowerment Index (WEEI) Tool developed by UNCDF in partnership with UNDP and UNW also supports a holistic approach by identifying gender-responsive investments that directly promote inclusion and advancement of women. The tool provides a set of investment criteria for both financial and social returns on projects. For example, funds seeking to invest in only gender-responsive businesses could use this tool during due diligence. It is also useful for establishing baselines against which to measure improvements in gender equality.

The indicators for WEEI are based on three categories of criteria. These are:

1. Gender-equalizing conditions in the workplace and in the firm's business relations outside the firm, such as in relation to suppliers;
2. A demonstrated public commitment to contributing to and supporting gender equality; and
3. The extent to which business products and public investment projects reduce women's unpaid labor and promote their engagement in paid employment.

The WEEI tool can be used for public sector infrastructure projects, businesses/enterprises, and financial institutions. For example, the WEEI assessment of the Eco Social Development Organization (ESDO) in Bangladesh assured the UNCDF team that they would be a good partner for local WEE. Not only did they have 49% female employees and more than 50% female board members, they provide attractive benefits such as six months of fully paid maternity leave and allotted time for breastfeeding at work. The organization also has strong policies against harassment and discrimination, including an inclusion policy clearly addressing people with disabilities, the elderly, and ethnic minorities. Their suppliers are also 50% female and procurement policies are in place to encourage finding gender-responsive suppliers. On the basis of these findings as well as the proposed project, UNCDF was able to confidently provide a grant to co-invest with ESDO in a cheese production facility that would support the incomes of women entrepreneurs and producers.

## 2. Tool: Dual Key System to Assess Local Investments

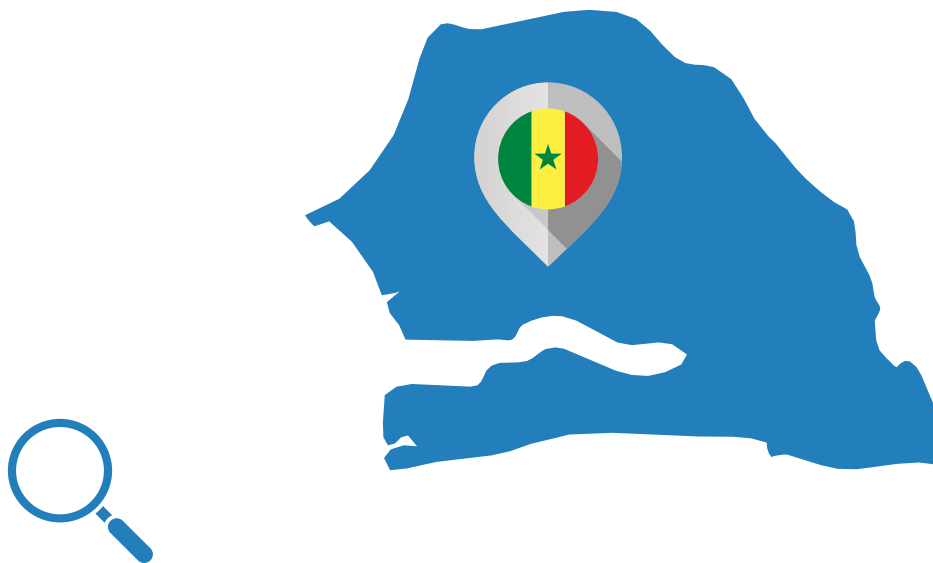


UNCDF's last-mile financing Dual Key model provides seed capital to de-risk the local economic space and support the development of a pipeline of bankable private sector projects. The Dual Key model is named for its two steps—the first is the "technical key" or "impact key," which determines whether an investment will deliver local impact. The WEEI described above is an example of an analytic process that can be used as part of this step. The second key is the "financial key," which evaluates the business model using a range of strategic and financial tools, with the primary objective of determining if the project presents a potential to sustain its activities based on its own business model once the investment is done.

The Dual Key model demonstrates to private and public sector investors how financing local infrastructure and essential services can generate both financial and social returns. It then crowds-in additional resources that already exist in the economy – such as pension funds and bank liquidity – to invest in local productive sectors.

# IV. SOLUTIONS

## 3. Example: Dual Key Unlocks Financing for WEE in Senegal [41]



UNCDF designed a joint program with the Sovereign Wealth Fund of Senegal (FONSIS) to establish an innovative financial mechanism addressing structural barriers faced by women while unlocking domestic public and private capital for gender transformative investments.

UNCDF accompanied FONSIS in the structuring, creation, and management of an independent financial vehicle called “Women Economic Empowerment Fund” (WE! Fund). The fund invests in gender-sensitive SMEs and public-private partnerships (PPPs) in the missing middle by providing equity and junior loans together with technical assistance. UNCDF supports the fund in building their capacity on pipeline sourcing, deal structuring, due diligence and impact measurement standards, and piloting SME investments.

The sourcing of the pipeline of projects goes through two steps: Firstly, WE! Fund supports the project leaders by providing them guidance to improve the gender responsiveness of their project. The WEE Index is used to assess the correspondence with the high standards of the WE! Fund in terms of gender responsiveness. This is the impact key. If the project is accepted by the Gender Assessment Committee of the fund, it enters the second phase.

Secondly, WE! Fund assesses the feasibility and financial sustainability of the business plan. These criteria are evaluated by the Investment Committee. To allow funding, the combined validation of the gender responsiveness and the feasibility and financial sustainability is therefore necessary.

The use of the dual key system in this particular case allowed the program to select the most impactful projects, with more than 5,000 people expected to benefit from the program and 1,250 new full time/part time jobs created; while ensuring sustainable investment for the fund with 1,000 Mn FCFA (USD 1.8 Mn) of additional revenue from the financed SMEs, and positive margins and returns on investment.

# IV. SOLUTIONS

## 4. Tool: Spring Accelerator's Investor Toolkit with a Focus on Girls and Young Women [42]



SPRING Accelerator works with businesses in East Africa and South Asia to develop and scale products and services that benefit women and girls. Based on its experience as an accelerator and interviews with investors, SPRING developed a toolkit to help investors invest in opportunities that empower women and girls. The toolkit defines five core areas of women's lives as education, health, safety, economic empowerment, and legal rights, and introduces impact pathways for each that can help inform investment theses and strategies. It also provides a useful framework for understanding the various ways businesses reach girls and young women: through value chains, as customers, as trainees and employees, and indirectly through community engagement. It also includes information to help build a business case for investing with this focus. The examples, frameworks, and other information in this toolkit can be a helpful guide for fund managers looking to develop a rationale, theory of change, and investment strategy focused on empowering women, especially with a youth focus.

## 5. UNDP's SDG Impact Investor Maps



**THE GLOBAL GOALS**

UNDP's SDG Impact offers tools for private investors to direct capital to the achievement of SDGs. The SDG Investor Maps are gender responsive and translate SDG needs and policy priorities into actionable investment opportunities. They provide country-specific market intelligence backed by data and evidence and are produced by UNDNO country offices. They are a tool provided as public good to investors and governments. Investor maps identify concrete, investible solutions that are gender responsive as well at the country level.

Providers of blended finance should coordinate with local policymakers and regulators to address underlying constraints to private investment in WEE. Capacity building is often required to tackle these barriers at the local and national levels. Grantmakers can therefore step in to support targeted training and technical assistance with a gender lens and in coordination with blended finance arrangements. The level of coordination can introduce significant complexity, but is likely to ultimately lead to much stronger and more lasting outcomes in local capital markets.



# V. RESILIENCE BUILDING AND COVID-19 RECOVERY: THE ROLE OF LOCAL WEE FINANCING

## Box 2. WEE and Resilience in Vulnerable Communities

Increasing investments for a post COVID-19 Gender Responsive Local Economic Recovery is critical given the devastating impact the pandemic has on the lives of millions of women and girls around the world specially those living in the LDCs with loss of livelihoods and means of predictable income. UNCDF survey in 2020 showed that SMEs have suffered significant reduction in business capacity and anticipated notable reduction in their annual revenue due to COVID-19. More than one third of the SMEs had laid-off staff due to reduction in business operations. Not surprisingly, female-led SMEs reported relatively higher rates of lay-offs and less resources to sustain their business in the short- to mid-term compared to male-led businesses.

The COVID-19 pandemic has wreaked widespread havoc on lives and livelihoods across the globe. Among its devastating effects has been a widening of gender inequalities, as women and girls are especially impacted by the economic fallout. COVID-19 has made the challenge of gender inequality even more daunting in less developed regions and has revealed the fragility of the advancements gained on gender equality. COVID has eroded progress made in the last few decades. The least developed regions around the world are amongst the worst affected with women at the center of this extraordinary impact. Local businesses, including women SMEs, are among the worst affected by the pandemic worldwide, due to both the overall economic contraction and restricted ability to safely transact in person. Business closures and disrupted revenues have had the knock-on effect of reducing local governments' fiscal resources—all while local governments are at the forefront of the COVID-19 recovery and response

With the pandemic, unpaid care and domestic work has increased, violence against women has risen, and the reorientation of funding priorities has meant fewer resources for women's sexual and reproductive health [43]. According to new analysis from UN Women and UNDP, the pandemic will push 47 million more women and girls below the poverty line, reversing decades of progress to eradicate extreme poverty [44]. In place of the expected decline in the women's poverty rate (2.7% between 2019 and 2021), the rate is expected to increase by 9.1%. [45]

Poverty will shift across regions as a result of the pandemic as well. Currently, 59% of the world's poor women live in sub-Saharan Africa, and the region will continue to be home to the highest numbers of poor people. In South Asia, which has seen notable gains in poverty reduction in recent years, a resurgence in extreme poverty is expected. According to the data, "by 2030, for every 100 men aged 25-34 living in poverty in Southern Asia there will be 129 poor women, an increase from 118 in 2021." [46] Local businesses, including women SMEs, are among the worst affected by the pandemic worldwide, due to both the overall economic contraction and restricted ability to safely transact in person. UNCDF's survey of SMEs in 2020 showed that businesses in LDCs have suffered a major blow due to the pandemic. COVID-19 has had unequal impact on certain business segments leading to significant disparities in business resilience depending on the business size, sector, geography and whether the business is led a man or a woman. Female led businesses reported higher rates of worker lay-offs with closures [47]. Business closures and disrupted revenues have had the knock-on effect of reducing local governments' fiscal resources—all while local governments are at the forefront of the COVID-19 recovery and response.

In light of the evidence that this crisis is currently and will continue to intensify gender inequalities and female poverty, responses to COVID-19 must incorporate a strong emphasis on WEE. Special attention needs to be paid to the recovery of women SMEs and to ensure women's livelihoods are not severely impacted due to COVID-19. To achieve these aims, the following measures will be key:

[43] UN Women (2020) "From Insights to Action: Gender Equality in the Wake of COVID-19."

[44] Ibidem

[45] UNDP (2020) "COVID-19 will widen poverty gap between women and men, new UN Women and UNDP data shows"

[46] Ibidem

[47] UNCDF 2021, "Taking the pulse of small businesses in LDC markets during COVID-19".

# V. RESILIENCE BUILDING AND COVID-19 RECOVERY: THE ROLE OF LOCAL WEE FINANCING

## • **Direct Financing Through Fiscal Stimulus and Recovery Funds:**

UNCDF's work shows that local financing is critical to address vulnerabilities and most pressing priorities for women and girls. It is important to focus on building local support systems and financing mechanism in partnership with governments and local financial institutions such as Central Banks and Sovereign Funds to protect women SMEs affected by COVID-19. In collaboration with UNCDF, FONSIS in Senegal (Country's Sovereign Investment Fund) has established a WE Fund! that provides recovery support through grants to growth-oriented women owned SMEs and gender responsive businesses. Similarly, Credit Guarantee Fund established at the Bangladesh Bank with UNCDF support provides the much needed relief to women businesses in their economic recovery process (details in box 4).

## • **Strengthening local systems for rapid and long-term recovery:**

Local planning and budgeting processes play a key role for effectively implement a COVID-19 response and recovery programme in targeted countries. It will be crucial, therefore, to strengthen and put in place an effective gender responsive planning and budgeting system for swift availability and deployment of financial resources where needed most for a systemic and timely response on COVID-19. Similarly, fiscal transfer systems for local government finance are very effective in delivering targeted resources at scale for specific purposes while enabling efficient delivery, cost-effective procurement, and transparent reporting. These mechanisms leverage local knowledge and capacity and avoid costly parallel project structures. As part of a mainstream approach, this mechanism will need to be deployed to address the special needs of women and girls in COVID-19 affected areas. These resources can be targeted for critical services that can support women such as health care workers, unpaid

## • **Investing in Care Economy:**

With COVID-19, inequalities between men and women specially in care economy have worsened with disruptions in access to schooling, day care facilities for children and elderly, additional stress on female health care workers and female domestic workers losing their livelihoods. Among others, care economy that responds to the needs of women often depends on whether public services and financing decisions by the governments are designed to address these inequalities. Through UNCDF investments at UNCDF, women's unpaid care work including child-care has been incorporated as part of the design of local investment projects. UNCDF also leveraged its financing instruments to promote elderly care, which together with child-care is increasingly becoming a major impediment for women's economic engagement in countries where we operate specially in a post-COVID situation. For example, In Bangladesh, as a first pilot of its kind in the country, in 2019 UNCDF partnered with a local social enterprise and provided financing for the development of a Geriatric Care Education and Training Centre in Manikganj. The Center aims to develop non-medical, specialized caregiving service skills and employment to women and men in Bangladesh. The project which focuses on both domestic and international market demand for elderly care, creates economic opportunities with a special focus on socially marginalized and disadvantage women. Such pilots need to be scaled up so that we create an ecosystem that provides viable choices for women to take an active role in the economy and at the same time create income earning opportunities for women as care providers.

## • **Locally driven and Bottom up solutions:**

Another important priority is to develop a bottom-up gender responsive need-based strategy and action plan for COVID-19 recovery with active engagement of local partners including women. Together with UNDP, UNCDF has initiated work to support SMEs and amplify the role of local governments for a gender responsive local economic recovery in the aftermath of COVID-19. This includes a package of solutions including gender responsive assessments, technical capacity building of municipalities and targeted investments to support evidence-based gender responsive economic recovery process. Gender responsive local economic assessments (LEA) is an important tool for developing an effective recovery strategy for COVID-19 in programme countries. The tool allows rapid assessments conducted in targeted districts to analyze local economic recovery needs and to formulate an effective gender responsive recovery action plan at the district level.

# V. RESILIENCE BUILDING AND COVID-19 RECOVERY: THE ROLE OF LOCAL WEE FINANCING

## Box 3: Case Study: COVID-19 Recovery Funds for Women SMEs in Bangladesh

In Bangladesh, where 92% of total women's employment is in the informal sector, women have rapidly lost their livelihoods in the wake of COVID-19 lockdowns. Women make up 94% of nurses and 90% of community health workers, who are on the frontlines of exposure to the disease. At home, women are disproportionately affected by the increased care and domestic brought about by the pandemic. Even before COVID-19, women in Bangladesh performed 3.43 times more unpaid domestic labor than men. Further exacerbating this confluence of factors, women are underrepresented in local leadership roles, which in turn results in an absence of gender-sensitivity and responsiveness in approaches to the crisis response and a lack of sex-disaggregated data.

Small and Medium Enterprises (SMEs) of Bangladesh, including women-owned and operated SMEs have been badly affected by COVID-19. Mobility and assembly of people across the country has been limited by the authorities, causing 1) decline in domestic demand; 2) slowdown in external demand, including tourism and remittances and 3) disruption in cash cycle by supply chain breakdown and loss of sales.

A survey with over 230 SMEs in eight divisions revealed that SMEs have been severely affected. Half the respondents have completely halted their operations, due to non-availability of raw materials and lack of scope to sell their outputs. Furthermore, 28% of the respondents have seen a drastic decrease in business revenue of over 50%. Moreover, cash reserves are running dry or are with their debtors. In fact, 42% of enterprises cut back their marketing expenditure while 23% did so for distribution. With respect to salary, 24% have cut down either to 0 or less than 10% of wages previously paid. This indicates that employees are already being laid off and thousands are becoming unemployed in just a few months. Around 68% of SMEs reported that they will permanently shut down if the lockdown persists for more than 4 months.

The government has introduced a subsidized loan program for SMEs, but women SMEs are not able to fully benefit from it because of collateral constraints that prevent them from borrowing from most banks. Social norms impede poor women's ability to secure asset ownership (land or others), which has in turn limited their capacity to secure capital against collateral. Meanwhile, microfinance institutions have successfully demonstrated that women are creditworthy clients. Therefore, the critical issue to be addressed is not the non-availability of resources to finance women SMEs but rather the perceived gender-specific credit risk that holds back financing to this segment of the population.

AmidIn this context, UNCDF in partnershiphas partnered with Bangladesh Bank is establishing, the central bank of Bangladesh, to establish a targeted rapid response credit guarantee mechanism. The guarantee will enableenables viable women SMEs to secure working capital to survive the COVID-19 shutdown and resume operations when economic recovery commences. This support leverages the credit guarantee platform for women SMEs that was established with the support of UNCDF (USD 250,000) in Bangladesh Bank in 2017, that has now become the backbone of the Bangladesh Bank's credit guarantee operations handling over USD 200 million dollars of resources.

This new support from UNCDF offers top up funding (USD 80,000), that will focusfocuses on the urgent new requirement emerging out of the COVID-19 situation and is expected to be the basis for crowding in additional financing for women SMEs. The support, which will beis backed by technical assistance from UNCDF, will drawdraws on the pipeline of proposals for additional financing that originated from women SMEs after the onset of COVID-19, and provideprovides credit guarantee for the portfolio of women SME loans from partner financial institutions, which meet the due diligence criteria of COVID-19 additionality, recovery strategy, and gender-responsiveness.

This initiative will serve as a scalable platform to enable likeminded development partners to contribute to the fund and join collective effort for rescuing small businesses in Bangladesh, which are vital for the livelihoods of millions of women and their families.

1 Lightcastle (2020) "COVID-19: Impact on Bangladesh's SME Landscape"



# VI. RECOMMENDATIONS AND CONCLUSION

There is clearly an urgent need to scale up and improve financing for projects and businesses that include women as economic drivers and beneficiaries in LDCs. Financing that examines and addresses the underlying causes and systemic constraints to gender equality is a sound investment; not only can it help achieve gender equality itself, but it promotes broader economic development and resilience where it is most needed. The complexity of addressing the interconnected issues at the heart of inequalities in LDCs should not be a deterrent, as there is a wealth of experience and innovation to draw on in designing new WEE programmes and investments.

Specifically, interventions taking a holistic approach, including a variety of stakeholders, strengthening local institutions and coordinating with the international community can drive meaningful outcomes for women in LDCs. Practitioners and policymakers seeking to advance WEE in these challenging contexts can apply these solutions to better achieve their development goals. The recommendations below aim to inform specific actors in this ecosystem.

## A. RECOMMENDATIONS

### Policy makers and national governments

Policy makers should ensure that women have equal access to the means of economic empowerment, including ownership of assets, the ability to enter contracts and access financing, and to have work environments inclusive of the unique needs of women. Recommended actions to carry out this responsibility include the following:

- Create and bolster a legal and regulatory framework that enables practical access to identification and title to property, as these are foundational to women's ability to acquire and control productive resources such as land, which can be used as collateral, or a lease for a business space.
- Improve access to childcare and high-quality early childhood education to help alleviate constraints on women's labor force participation and address unpaid care work.
- Policymakers with oversight for the private sector should ratify conventions that increase investments in gender priorities and promote fair and inclusive workplaces for women.
- National-level governments should ensure that adequate resources reach local governments for gender-responsive and women's empowerment. They should also consider adopting gender-responsive action plans and budgeting initiatives, which use analytical tools as a routine part of the budgeting process to help meet women's economic empowerment goals.
- Policymakers can leverage UNDP's Covid-19 Gender Tracker to provide guidance and evidence on gender-sensitive Covid-19 policy response measures globally which address women's economic and social security including unpaid care work, the labor market and violence against women. The Tracker monitors responses taken by governments worldwide to tackle the pandemic, and highlights those that have integrated a gender lens. It captures two types of government responses: women's participation in COVID-19 task forces and national policy measures taken by governments.

# VI. RECOMMENDATIONS AND CONCLUSION

## Central Banks

Central banks play a critical role in ensuring that women are able to participate in economic activity, particularly through access to and use of appropriate financial services. Specifically:

- Central banks can set incentives and requirements for the banking sector in their country to expand access to and usage of financial services for women, particularly for women entrepreneurs.
- Beyond setting lending targets or quotas, central banks can also mandate reporting of sex-disaggregated data on account ownership, credit, savings, payment, and financial literacy. These data paint a clearer picture of how inclusive financial services are and set a baseline to inform interventions by banks and other actors. A study of sex-disaggregated data collected in 11 countries found that the data was useful for policy as well as for telecom regulators, development partners, financial institutions, and the general public [48].

## Local/municipal governments

Local government bodies should incorporate WEE in their budgeting, planning, programs, and strive for better representation in their own staff makeup.

- Municipal government bodies should tailor budgets and plans to address local constraints for women, with the flexibility to consider solutions that work for a specific local context including infrastructure needs, safety and security concerns and cultural norms. Like national governments, local governments should consider adopting gender-responsive budgeting initiatives, to systematically ensure that budgets help meet gender equality goals.
- Alongside budgeting and programmatic-focused activities, local government bodies should work to increase the representation of women in elected positions and other decision-making roles. These efforts can be mutually reinforcing, as centering the perspectives of women is likely to make budgeting and policy more genuinely gender responsive.

•Municipal governments need to put in place systems that will ensure adequate resources are allocated to gender equality priorities and spending plans prioritize investments in marginalized areas with specific focus to reduce gender income inequalities. This includes efforts to reduce unpaid care and domestic work.

•Local government can play a critical role in creating enabling environments and incentives to unlock and mobilise private financing and promote business practices that are aligned with a gender responsive recovery. Unlocking private capital for SDG related gender responsive local investments requires policy and regulatory shifts, better access to information on investment opportunities, and clear standards on the criteria for identifying SDG aligned investments .

## Other local stakeholders:

Local stakeholders at the village or community level should endeavor to work collaboratively to include at all levels of engagement with women as influencers and decision makers for the allocation and ownership of local resources, assets and opportunities. This includes NGOs, informal women's groups, women's savings and loan associations, and other forms of self-organization.

# VI. RECOMMENDATIONS AND CONCLUSION

## **Development finance institutions and other international agencies:**

DFIs, multilateral institutions, and aid agencies are conveners with the ability to leverage outside capital to complement LDCs' own resources. In light of these roles, they should take on the following actions:

- DFIs should coordinate with other international and local actors to develop blended finance mechanisms specifically targeted to WEE in LDCs and that tackle underlying regulatory constraints in addition to proximate risks inhibiting the flow of capital. These efforts should be designed to catalyze further private investment in WEE while creating ownership among local business communities.
- Bilateral and multilateral aid agencies should increase the proportion of their funding that is gender-aware at a minimum, and ideally that includes an explicit objective around gender equality and women's economic empowerment. Given the relevance throughout sectors, these objectives must be incorporated throughout aid programming.
- International actors should support capacity building among local governments on WEE approaches and gender-responsive budgeting.
- International agencies should also coordinate across the multiple parties involved in various aspects of women's life, integrating a systemic and holistic perspective to engage not only parties focused on the economy, but those involved in infrastructure, health and sanitation, and education. This coordination is key in LDCs because an investment or intervention in any one of those areas depends on the others to be viable and sustainable in the long-term.

## **Private sector:**

Private sector actors, including firms working in LDCs, should create an environment conducive to women within their workforce and supply chains, and should co-invest in WEE-oriented projects.

- Companies should ensure fair and equal wages for women and men, sufficient job training and consideration for the needs of women (such as maternity leave, nursing rooms, and safety).
- Companies to have policies to protect female and other marginalized employees from sexual harassment, gender based violence and provide appropriate leave and entitlements such as domestic violence leave.
- Discussing and addressing security concerns for female employees as well as women in the supply chain is essential to creating an inclusive environment for women in the private sector.
- Companies should also strive for transparency by publicly sharing data on women's participation and remuneration in their workforces (e.g., pay ratio, % women in management positions).
- The private sector is a key partner in investing alongside DFIs, donors, and governments in projects that advance WEE while also providing growth and stability for business. Companies should seek out these opportunities and adopt a collaborative approach to working with the public sector and civil society to achieve gender equality.



# VI. RECOMMENDATIONS AND CONCLUSION

## B. CALL TO ACTION

Meaningful progress in women's economic empowerment in LDCs is not only possible, it is an urgent imperative for all those seeking to achieve sustainable development and economic and social progress. In the wake of the COVID-19 pandemic and resulting economic shock, there is even greater need to foster resilience, but also great opportunity to establish new systems and structures that embed gender in our collective response to the crisis.

Building on the work undertaken by UN Capital Development and partners, WEE financing approach, the case studies and tools provided above offer a window into a broad pool of experience about what works and what doesn't in advancing WEE in LDCs. Translating these lessons into effective policy and programming will require breaking down traditional silos between institutions, ministries, and the private sector to address the full spectrum of barriers women face.

Stepped up public and private financing at the local level for scaling up local WEE initiatives is critical for a long-term sustainable impact on the lives of women in these economies. Local women will need to be at the forefront of decision and policy making to allow WEE priorities to be reflected effectively as concrete actions with attached financing in local development plans. Transformative change for women's economic empowerment is possible only when solutions to address structural biases in the economy are taken into consideration as part of local economic decisions and budget allocations. Long term sustainable impact for women in LDCs, therefore requires a holistic model of WEE financing and business as usual will not bring the desired impact for millions of women living under most difficult circumstances.



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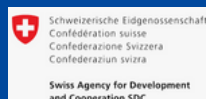


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UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.