



## Understanding Micro- and Small-Growth Entrepreneurs in Vietnam, Pakistan and Peru

*A synthesis of market assessments and research to understand the needs of micro- and small enterprises, particularly women-owned, across three countries*





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## I. Executive Summary

Despite recent progress in addressing challenges faced by women entrepreneurs, the COVID-19 pandemic has put the fragility of many of these gains into the spotlight by disproportionately impacting women workers and women-owned enterprises (WOEs). According to a study<sup>1</sup> of women-owned micro-and small and medium enterprises (MSMEs) across 32 countries, 84% of the businesses were significantly impacted by COVID-19. Almost four in 10 women entrepreneurs (38%) reported that their business “will or may have to close as a result.”

These enterprises now face new challenges that will need to be addressed if economies are to regain their losses in an equitable way. The ability and will of governments, financial institutions and various support organizations to address those issues will determine how close we come to unleashing the true economic potential of women entrepreneurs.

The [Ignite](#) program, supported by the Mastercard Center for Inclusive Growth, is an opportunity to help make strivers, or growth-oriented businesses, more resilient in Pakistan, Peru and Vietnam. Understanding the emerging unmet needs through market assessments and insight research was the first step in this process, and this report provides an overview of “the current state of strivers” across these countries. The insights presented here have been triangulated with other qualitative exercises to develop programming that responds to these needs. Information on Ignite activities in each of the three countries can be found in the Ignite Mid-grant Progress Report.

<sup>1</sup> Women Entrepreneurs: Surviving the Pandemic & Beyond - Cherie Blair Foundation (2020)  
<https://cherieblairfoundation.org/annual-audit-2020/>

## **Key findings from all market assessments and research include:**

- **Social norms and other gender-based barriers, such as disproportionate burdens of caregiving, continue to hold female entrepreneurs back** by reducing the time available for their businesses (up to 1.8 hours per week compared with men), limiting mobility, restricting meaningful access to skills and education, and adversely impacting their confidence<sup>2</sup> levels.
- **The economic impact of COVID-19 has been nearly universal**, with almost all the strivers (86% in PK, 81% in PE, 92% in VN) \* reporting a decline in revenues. In the aftermath of the pandemic, the **top three drivers of resilience and growth** among female strivers are 1) access to finance; 2) network linkages; and 3) technology adoption.
- **The adoption of formal financial services remains low among women strivers.** Two factors contribute to low uptake of formal credit products (3% PK, 46% PE, 20% VN): a trust deficit in financial institutions and unfavorable product terms. Female strivers also have a low incidence of overall savings (14% PK, 43% PE, 66% VN) and rely on informal savings (77% PK, 48% PE, 38% VN) for mostly personal use.
- **High awareness levels of digital financial services (98% PK, 90% VN) present an opportunity to catalyze adoption, especially as a resilience strategy post-pandemic.** Levels of trial vary from low to high depending on the country context (currently 68% PK, 25% PE, 82% VN) and there are early signs that pandemic-induced market disruptions will contribute to continued growth in usage.
- **There is a gap in the adoption of “good” business practices**, with most businesses relying only on basic input/output record-keeping (60% PK, 84% VN). **Prevalence of advanced or more complex business practices, an indicator of growth aspiration, remains low**, including business planning (38% PK, 41% VN) and market research (35% PK, 38% PE, 27% VN).
- There is a **clear demand among strivers for business skills capacity building** (47% PK, 45% VN), but little willingness to pay (US\$60-\$260)<sup>3</sup> for enrollment in a skills development program. Marketing, sales, business planning and finance are among some of the top training topics in demand.

**\*Note:** The following abbreviations will be used throughout to indicate data specific to a country:  
PK = Pakistan, PE = Peru, VN = Vietnam

<sup>2</sup> Perceived problem-solving ability (-6.5%), gaps in skills and information (-5%), and ability to achieve business goals (-2.8%) for Vietnam. Qualitative findings for Pakistan and Peru show similar results.

<sup>3</sup> The willingness to pay was self-reported and varies across regions.



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For more information on how Ignite products and services are addressing these barriers, go to [www.care.org/ignite](http://www.care.org/ignite) or view Ignite’s Mid-Grant report here.

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## II. Introduction

### SUPPORTING MICRO- AND SMALL BUSINESS – THE ‘MISSING MIDDLE’

Micro- and small enterprises are the economic backbone of most economies worldwide, as they increase employment and reinvest in local communities. They account for more than two-thirds of all jobs worldwide and for most new jobs created. In emerging markets, four out of five new positions in the formal sector were created by MSMEs, which is about 90% of total employment.<sup>4</sup> Despite this, they remain “the missing middle,” underserved or unserved by financial service providers.

For women-owned micro- and small businesses, the gap is massive and the opportunity is urgent. Women entrepreneurs are underrepresented and own only 22% of the total microenterprises and 32% of SMEs. It is estimated that US\$12 trillion<sup>5</sup> more would be added to the global economy by 2025 by advancing women’s participation in the economy via business support services.

Table 1: Distribution of MSMEs (in millions)			
Gender	Micro-enterprises	Small and Medium Enterprises	Total MSMEs
Female	63.9 (22%)	9.7 (32%)	73.5 (22%)
Male	221.2 (78%)	20.2 (68%)	241.5 (78%)
<b>Total</b>	<b>285.1</b>	<b>29.9</b>	<b>315</b>

Source: SME Finance Forum – MSME Financing Gap Data Set (2018)

Collectively, micro- and small businesses form a very diverse group, not only in terms of their business size and profile, but also in terms of their motivations and aspirations for their enterprises. This report seeks to provide key insights into their unique behaviors, challenges and unmet needs across Pakistan, Peru and Vietnam. A summary of key economic and development indicators for each of the three countries is provided as Annex A.

<sup>4</sup> Lessidrenska, T (2019) SMEs and SDGs: challenges and opportunities OECD Development Matters Blog.

<sup>5</sup> Woetzel, J., A. Madgavkar, K. Ellingrud, E. Labaye, S. Devillard, E. Kutcher, J. Manyika, R. Dobbs, and M. Krishnan. 2015. “The Power of Parity: How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth.” Washington, DC: McKinsey & Co.



## THE IGNITE PROGRAM

CARE's Ignite program unleashes the power of growth-oriented entrepreneurs to contribute to resilient, inclusive economies. The program runs in Pakistan, Peru and Vietnam, where large segments of unserved and underserved micro- and small enterprises are ready for investment. Ignite aims to reach 3.9 million entrepreneurs by 2022, directly supporting 131,000 entrepreneurs, with a strong focus on women.



Ignite takes a market-based approach to service delivery that is sustainable and scalable, by working closely with local service providers. These partnerships open up access to much-needed financial and digital resources, while building entrepreneurs' business capacity and networks.



As the COVID-19 pandemic accelerates the move toward a digital economy, women risk being left behind if we do not intervene with support and greater access to digital tools. To ensure that these women entrepreneurs can survive and thrive in the digital economy, they need access to three critical enablers: capital, digital tools and skills, and a supportive environment so they can access and use these tools to their fullest. Ignite offers just that.



Ignite is supported by the Mastercard Center for Inclusive Growth and is part of Mastercard's commitment to provide 25 million women entrepreneurs with digital solutions that can help them grow their businesses by 2025.

### III. Overview of the Research and Methodology

“Female strivers,” the primary target for the Ignite program, are defined as owners/managers of growth-oriented micro- and small enterprises (MSEs), the majority of which have two to ten employees<sup>6</sup>, and have been in business for more than two years. Though Ignite does not exclusively serve women, the focus is on removing barriers for women when and where possible.

To better understand the needs of strivers, a holistic market assessment was undertaken across Pakistan, Peru and Vietnam between Q4 2020 and Q2 2021 to gain insights into behaviors and needs of strivers, particularly female strivers. More specifically, the focus of the research was to:

1. Determine the **impact of COVID-19** on strivers and understand the challenges and opportunities for improved growth and resilience in its aftermath.
2. Examine **access to finance** among strivers (barriers to financial access, availability of financial offerings and the strivers’ satisfaction on using financial products/services).
3. Analyze **business practices** as well as unmet business **needs for skills development** and capacity building.
4. Identify **gender-based barriers** to growth being faced by strivers in scaling up their enterprises, with a focus on socio-cultural norms and other structural barriers.
5. Collect **baseline information** for indicators to measure key results.

**Figure 1: Overview of Research Objectives**



<sup>6</sup> The definition of “striver” depends on the country’s context. For example, in Vietnam, strivers can have up to 20 employees.



## METHODOLOGY

Mixed-method research used both qualitative (focus group discussions and in-depth interviews) and quantitative (surveys) tools across the three countries.

A unified research framework and tools were developed to guide the investigation and specifically to allow for comparability of data, painting a clearer picture of striver behavior across these countries. The sampling methodology (sample size and distribution) ensures the data's representativeness and coverage across geography and sectors. Adaptations to the methodology were made based on the country context and the research realities of COVID-19, which limited in-person research.

Across all countries, the total sample of strivers surveyed was 2,118 micro- and small business owners, of whom 62% were female. Strivers primarily represented the service, retail and manufacturing sectors.

The overall methodology is summarized below.

Table 2: Summary of Methodology and Approach			
Category (Average)	Pakistan	Peru	Vietnam
<b>Primary Research Tools</b>	Quantitative: Survey Qualitative: 14 FGDs, 30 IDIs	Quantitative: Telephone Survey Qualitative: 8 FGDs, 59 IDIs, 32 remote diagnosis	Quantitative: Survey Qualitative: 35 IDIs
<b>Survey – Sample Size for Strivers</b>  <b>Total: 2,118</b> <b>Total Female: 1,303</b>	Female: 86 Male: 268 Total: 354	Female: 217 Male: 98 Total <sup>7</sup> : 315	Female: 1,000 Male: 449 Total: 1,449
<b>Qualitative – Sample Size</b>	Female: 30 Male: 40 Total: 70 (only strivers)	Female: 75 Male: 44 Total: 119 (including 46% pre-strivers)	Total: 35 (only strivers)
<b>Sampling Methodology<sup>8</sup></b>	<b>Random</b> (random walk, Booster) + <b>Other</b> (partner list and peer referral for FGDs)	<b>Random</b> (partner lists) + <b>Other</b> (peer referral)	<b>Random</b> (partner lists) + <b>Other</b> (peer referral, systematic)
<b>Research Target Group Definition</b>	<ul style="list-style-type: none"> <li>Owner/manager of a micro- or small enterprise</li> <li>Number of employees: 2-20, with at least 2 full-time</li> <li>Years in business: at least 2</li> <li>Plan for scaling up the business in next 2 years</li> <li>Average revenue (2019 and 2020): Country-specific (VND 500 million - VND 10 billion). No revenue-based screening for other countries.</li> </ul>		

<sup>7</sup> Includes data from baseline survey conducted for Ignite in Peru.

<sup>8</sup> For Peru and Vietnam, the sample was randomly done from existing lists of entrepreneurs and for Pakistan, the sample employed a "random walk" across the selected markets and business areas with oversampling used as a "booster" to ensure adequate representation of female entrepreneurs.

<b>Regions for Research</b>	Total: 7 Karachi (35%) Hyderabad (22%) Lahore (26%) Faisalabad (6%) Rawalpindi (4%) Gujranwala (4%) Multan (4%)	Total: 18 Lima (44.4%) Piura (14.9%) Junín (8.3%) San Martín (5.4%) Arequipa (4.1%) Cajamarca (3.2%) Ayacucho (2.9%) Cusco (2.9%) Ica (2.9%) La Libertad (2.2%) Huancavelica (2.2%) Tumbes (1.9%) Lambayeque (1.6%) Ancash (1%) Huánuco (0.6%) Puno (0.6%) Tacna (0.6%) Madre de Dios (0.3%)	Total: 7 Hanoi (14%) Son La (14%) Thanh Hoa (14%) Hue (14%) Khanh Hoa (14%) HCMC (14%) Can Tho (14%)
<b>Key Sectors Represented</b>	Services & Retail (84%) Manufacturing (16%)  <u>Sectors:</u> <ul style="list-style-type: none"> <li>• Retail &amp; wholesale</li> <li>• Hospitality, food &amp; entertainment.</li> <li>• Apparel (textile, leather, tailoring)</li> <li>• Beauty &amp; personal care</li> <li>• ICT &amp; engineering</li> <li>• Sporting goods</li> <li>• Others</li> </ul>	Services & Retail (87%) Manufacturing (10%) Agriculture (2.3%)  <u>Sectors:</u> <ul style="list-style-type: none"> <li>• Grocery stores, hardware stores, bookstores</li> <li>• Transport &amp; warehousing</li> <li>• Crafts retail &amp; wholesale</li> <li>• Apparel (textile, leather, tailoring)</li> <li>• Food, beverages &amp; desserts</li> <li>• Beauty &amp; personal care</li> <li>• Agriculture, fishing, raising small animals</li> <li>• Others</li> </ul>	Services & Retail (83.6%) Manufacturing (16.4%)  <u>Sectors:</u> <ul style="list-style-type: none"> <li>• Retail &amp; wholesale</li> <li>• Hospitality, food &amp; entertainment</li> <li>• Transport &amp; warehousing</li> <li>• Financial services</li> <li>• Health &amp; education</li> <li>• Manufacturing</li> <li>• Others</li> </ul>

## LIMITATIONS

Challenges posed by COVID-19 restrictions required flexibility in the timing, duration, sampling, length and scale of the research, but the priority was to preserve the robustness and representativeness of data as well as the utility of the research for product and service design. The sample size for Pakistan had to be restricted while ensuring that results stayed within acceptable error margins, i.e.,  $\pm 5\%$  at 95% confidence interval. Similarly, for Peru, remote research delivery (e.g., shorter telephone surveys and virtual FGDs) had to be employed, which in turn required an increased reliance on qualitative methods and secondary landscape data to ensure that all information gaps were adequately addressed.



## IV. Striver Profiles in Pakistan, Peru and Vietnam

This section highlights similarities and draws comparisons across the striver profiles by providing descriptive statistics of our respondents across the three Ignite countries. The objective is to provide insights into strivers' lives and an understanding of their businesses. However, as highlighted earlier, strivers are a diverse group in terms of their demographics and behaviors. It is important to use this summarized data within the larger context provided within this report.

### STRIVER PROFILES

Although there are variances across countries and gender, our survey shows that strivers tend to be:

- Middle-aged (age 30 and over) and married, with children.
- Relatively well-educated (higher rates of graduation compared with country averages).
- Tech-savvy and have high levels of smartphone ownership (>60%), with internet access.
- Unbanked or under-banked, with many relying on informal financial services.
- The primary source of income for the household, even though women were less likely to classify themselves as the “chief earner” for their household.

In terms of income-generating activities, characteristics of strivers include:

- An average monthly income (profit) of US\$1,100 in Pakistan, US\$676 in Peru, and US\$1,700 in Vietnam, with their business forming the only/primary source of income (with only a minority indicating significant income from other sources).
- Owned a relatively early-stage business (two to five years in operation years) in the service sectors.
- A small number of employees (between two and five).
- Some form of official registration (except for Pakistan, where most strivers did not register their business).



The following table summarizes some key profiling statistics across the three countries.

Table 3: Striver and Business Profiles							
	Category	Pakistan		Peru		Vietnam	
		Female	Male	Female	Male	Female	Male
1	Age (years) <i>Most common range</i> <i>Overall averages</i>	25 – 35 (50%) 34.0	25 – 35 (50%) 36.8	30 – 59 (54.4%) 47.4	30 – 59 (53.1%) 46.9	> 35 (72%) 39.5	> 35 (72%) 39.5
2	Education <i>College or higher (C)</i> <i>Secondary, lower (S)</i>	C: 30% S: 21%	C: 30% S: 21%	C: 35% S: 65%	C: 36% S: 64%	C: 69% S: 31%	C: 72% S: 28%
3	Married (% of total)	66.3%	78.4%	34% <sup>9</sup>	10%	91%	87%
4	Children under 18	2.2	2.4	2.2 <sup>10</sup>	n/a	2	2
5	Time on Business/Day	8.6 hours	12 hours	7.8 hours	9 hours	9.7 hours	10.3 hours
6	Smartphone Ownership	62%	61%	62%	66%	63%	63%
7	Monthly income (USD)	\$1,100	\$1,746 <sup>11</sup>	\$526 - \$1,053 (34.7%)	\$526 - \$1,053 (44.2%)	\$1,730	\$1,710
8	Average loan size for existing borrowers (USD)	1,000		2,150 <sup>12</sup>		Informal 11,300 Formal 32,520	
9	Age of business (Average in years)	>2 <sup>13</sup>	>2	10.7	10.4	8	7
10	Employees (average) <i>Full-time (F)</i> <i>Part-time (P)</i>	F: 2.1 P: 0.3	F: 3.3 P: 0.9	F: 2 P: 2	F: 2 P: 2	F: 2 P: 2	F: 2 P: 2
11	Registration (%)	8.1%	45.5%	42.9%	50%	79.4%	76.6%
12	Registration type	Unregistered	Unregistered	Registered at SUNAT <sup>14</sup>	Registered at SUNAT	Business Household	Business Household

<sup>9</sup> Data from existing beneficiaries (LISTA Express until June 2021), used as a proxy for this table.

<sup>10</sup> INEI 2020 [http://m.inei.gob.pe/media/MenuRecursivo/noticias/np101\\_2020.pdf](http://m.inei.gob.pe/media/MenuRecursivo/noticias/np101_2020.pdf).

<sup>11</sup> Microfinance & Enterprise Growth - Evidence from Pakistan - Karandaaz 2020

<https://karandaaz.com.pk/wp-content/uploads/2019/12/Microfinance-Enterprise-Growth-Evidence-from-Pakistan-compressed.pdf>

<sup>12</sup> Ignite Baseline Survey for Peru. The respondents used 'ranges' to record their responses and this number is estimated using a weighted average.

<sup>13</sup> A screener was used for Pakistan to select businesses that had been operational for 2+ years.

<sup>14</sup> SUNAT refers to Peru's 'National Superintendency of Customs and Tax Administration'.



13	Business location (%) <i>Rented (R)</i> <i>Owned (O)</i> <i>Virtual (V)</i>	R: 47% O: 53% V: -	R: 78% O: 22% V: -	R: 75% O: 23% V: -	R: 54% O: 38% V: -	R: 52% O: 43% V: 7%	R: 47% O: 48% V: 8%
14	Top 3 Sectors:	<ul style="list-style-type: none"> <li>● Retail &amp; wholesale</li> <li>● Hospitality &amp; food</li> <li>● Financial &amp; other</li> </ul>	<ul style="list-style-type: none"> <li>● Retail &amp; wholesale</li> <li>● Hospitality &amp; food</li> <li>● Financial &amp; other</li> </ul>	<ul style="list-style-type: none"> <li>● Small grocery stores</li> <li>● Food, desserts &amp; beverages</li> <li>● Transport</li> </ul>	<ul style="list-style-type: none"> <li>● Small grocery stores</li> <li>● Food, desserts &amp; beverages</li> <li>● Transport</li> </ul>	<ul style="list-style-type: none"> <li>● Retail &amp; wholesale</li> <li>● Hospitality &amp; food</li> <li>● Financial &amp; other</li> </ul>	<ul style="list-style-type: none"> <li>● Transport &amp; warehousing</li> <li>● Financial &amp; other</li> <li>● Retail &amp; wholesale</li> </ul>

## V. Growth, Resilience and Impact of COVID-19

### Key Takeaways

- COVID-19 had significant impacts on MSME revenue.** A very high number of MSEs (86% PK, 80.6% PE, 92% VN) reported a significant revenue reduction, with a high average decline (23% VN) that impacted strivers' ability to overcome these challenges.
- Top three sectors impacted were Hospitality & Entertainment, Wholesale & Retail, and Transportation & Warehousing.** Although all sectors were affected, these sectors had the highest number of respondents indicating "moderate" to "severe" impact.
- Top three challenges faced by strivers during the pandemic include: Market/customer access, inability to meet operating costs (labor) and supply chain disruptions.** A very high number of MSEs (86% PK, 80.6% PE, 92% VN) reported a significant revenue reduction, with a high average decline (23% VN) that impacted strivers' ability to overcome these challenges.
- Access to formal financing, networking and professional networks, and utilization of digital services are highly correlated with improved resilience to shocks.** Other measures of interest included acquisition of new business skills, diversification of risk through partnerships.
- More than 40% of strivers across sectors expected an increase of more than 15% in both revenues and profits in 2021.** The sectors with the most optimistic outlook were Retail & Wholesale and Transportation & Warehousing. However, few strivers (less than a quarter) were confident that this would result in an increase in employment.

## OVERVIEW AND CONTENT

The economic impact of COVID-19 has been enormous, swift and virtually universal – with a forecasted 4.5 – 6.0<sup>15</sup> contraction in global GDP (Congressional Research Service, June 17, 2021) and a 14% drop<sup>16</sup> in working hours during Q2 2020, (equivalent to 400 million full-time jobs), making it the deepest recession in eight decades. As a result, developing countries will see potential income losses of more than \$220 billion (UNDP) and a 15.3% increase in poverty by 97 million<sup>17</sup> (WBG) in the medium term.

The per capita incomes in all the “emerging market and developing economies” (EMDE) regions (which include Pakistan, Peru and Vietnam) declined after a long period of sustained growth.

Peru has been hit especially hard (GDP contraction 13.5%<sup>18</sup>) after stringent lockdown measures (lasting 100 days) despite strong stimulus packages. Pakistan was less impacted (GDP contraction 0.4%<sup>19</sup>), and on the back of less stringent, “smart”<sup>20</sup> lockdown policies, was able to navigate the tricky choice between minimizing economic fallout and limiting the spread of COVID-19. In contrast, Vietnam is one of the only countries in the region expecting a robust 1.8% growth<sup>21</sup> during this period, owing to a combination of early action and targeted stimulus and support packages.

The economic downturn from COVID-19 has disproportionately and severely impacted women. For the first time in history, women have lost jobs at a higher rate (510 million, representing 40% of all employed women, compared with 36.6% for men)<sup>22</sup> due to their over-representation in the hardest-hit sectors, including Retail & Wholesale Trade, Accommodation, Food Services, Manufacturing and others.

## IMPACT OF COVID-19 FOR STRIVERS IN IGNITE ECONOMIES

In the Ignite countries, the economic impact affected almost all strivers (86% PK, 81% PE, 92% VN), who reported a very high average decline in revenues (the average revenue decline in Vietnam was 23%, with 18% of strivers reporting a loss of revenue of greater than 50%). The most significantly impacted sectors have been the ones most affected by the lockdowns and closures, as summarized in the table below.

Table 4: Top Sectors Impacted During COVID-19 (based on % decrease in revenues)				
	Economy	Top	Second	Third
1	Pakistan	Wholesale & Retail	Processing, Manufacturing & Handicrafts	Hospitality & Entertainment
2	Peru	Hospitality & Entertainment	Wholesale & Retail	Transportation & Warehousing
3	Vietnam	Transportation & Warehousing	Hospitality & Entertainment	Wholesale & Retail

<sup>15</sup> Congressional Research Service, 2021 – Global Economic Effects of COVID-19, June 2021. Washington, DC.

<sup>16</sup> ILO – ILO Monitor: COVID-19 and the World of Work. 5<sup>th</sup> Edition – June 2020.

<sup>17</sup> World Bank - Impact of COVID-19 on Global Poverty (June 2021 update) <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-turning-corner-pandemic-2021>

<sup>18</sup> <https://www.spglobal.com/ratings/en/research/articles/200924-economic-research-latin-america-s-pre-covid-19-growth-challenges-won-t-go-away-post-pandemic-11665410>

<sup>19</sup> <https://www.adb.org/countries/pakistan/economy>

<sup>20</sup> The term “smart lockdown” is the name given to Pakistan government’s official policy of attempting to find a balance between the health and economic costs resulting from lockdowns.

<sup>21</sup> <https://www.adb.org/countries/viet-nam/economy>

<sup>22</sup> ILO – ILO Monitor: COVID-19 and the World of Work. 5<sup>th</sup> Edition – June 2020.

As in other economies, COVID-related restrictions imposed by governments in the Ignite countries impacted strivers' ability to conduct business as usual, particularly by *restricting access to customers and markets*, as well as *limiting access to key supply chains*. This resulted in disruptions to business cashflows, exacerbated by limited access to finance and savings, and consequently impacted their ability to meet their financial obligations. Many strivers reported a reduction in the number of employees. For example, in Peru, the average number of workers decreased by 50%, to 10 employees, during the pandemic. Table 5 summarizes the key business challenges reported by strivers in Pakistan, Peru and Vietnam.

**“Finally, I was forced to let my employees go and use my family members to work. I could not pay employees, even though they said I could delay their payments.”**

—Female striver in Khanh Hoa, Vietnam

**“My sales went down; I was unable to open a second branch and also had to fire three of my six employees.”**

—Male restaurant owner in Faisalabad, Pakistan

**Table 5: Business Challenges Faced During COVID-19 (based on striver responses)**

	Economy	Top	Second	Third
1	Pakistan	Market/customer access	Inability to meet operating costs (labor)	Limited access to finance and capital
2	Peru	Market/customer access	Decreased purchasing power of customers	Limited access to finance and capital
3	Vietnam	Market/customer access	Inability to meet operating costs (labor)	Supply chain disruptions



## TOP FACTORS IMPACTING BUSINESS RESILIENCE DURING ECONOMIC SHOCKS

In order to better understand the factors impacting resilience, we first used a “self-assessment,” asking the strivers in our study to rank the measures they believed contributed the most to the resilience of their businesses. The results are summarized below.

**Table 6: Effective Measures for Improved Business Resilience**  
(based on female strivers’ self-assessment)

	Economy	First	Second	Third
1	Pakistan	Diversify product and service portfolio (64%)	Invest in technology (64%)	Acquire new business skills (53%)
2	Peru	Investing in technology (particularly for sales and payments)	Improved business processes (cost and time efficiency)	Improved financial management (and accounting)
3	Vietnam	Improved financial management and accounting (83%)	Business partnerships for risk mitigation and capital (70%)	Investing in technology and business skills (66%)

Second, we used a more objective approach and analyzed business performance data and strivers’ entrepreneurial choices and behaviours (from our survey data<sup>23</sup>) to rank the main drivers in terms of their contribution to the sustainability and resilience of the businesses.

The *three main drivers of resilience*<sup>24</sup> are: 1) access to formal financing; 2) business networking; and 3) utilization of digital services. Apart from the notable absence of “access to finance,” the self-assessment closely mirrors the drivers identified in our own analysis.

### Quantifying the Importance of Various Measures to Resilience – A Focus on Vietnam

1. MSEs with **access to formal financial sources** are five times more likely to be resilient to COVID-19 and other shocks than those without adequate access (OR=5,  $p<0.001$ ).
2. MSEs that rely on **networking and partnering** for business development are four times more likely to be resilient than those that do not (OR=4,  $p<0.001$ ).
3. Employing **digital technology** in routine business operations increases the likelihood of resilience two-fold (OR=2,  $p<0.05$ ).
4. MSEs with a **demand for capacity building** and skills development are 2.4 times more likely to be resilient than those without any demand (OR=2.4,  $p<0.05$ ).
5. **Business planning** makes MSEs 2.6 times more likely to be resilient (OR=2.6,  $p<0.01$ ).
6. MSEs that have a **digitalized accounting system** to support business management are also 2.6 times more likely to be resilient than those without one (OR=2.6,  $p<0.01$ ).

<sup>23</sup> Analysis does not include survey data from Peru.

<sup>24</sup> “Increased resilience” was defined as the increased likelihood of the business to survive for longer than one month. These businesses also were expected to have adopted “good business practices” as described earlier.

*Access to formal financing* was found to be important in reducing the effect of disruptions to business cashflows, especially in case of limited striver savings for business financing needs. (This is discussed in detail in Part VII – Access to Finance and Financial Needs of Strivers.)

Businesses with access to professional networks<sup>25</sup> also were found to be more resistant to economic shocks. For strivers, especially women, established professional and social networks are a crucial source of technical and “troubleshooting” knowledge, while also providing access to markets and capital and enabling businesses to benefit from existing supply chains.

**“I use Facebook, Instagram, WhatsApp. They definitely help – but not entirely. Physical contact with the client is quite important.”**

**—Male striver, textiles, Peru**

The *use of technology* also proved to be critical for business continuity during the pandemic for strivers across Pakistan, Peru and Vietnam. The strivers who employed digital tools and services were more likely to survive the economic fallout from the pandemic. These tools and services (discussed in detail in Part IX –Digital Tools & Channels: Access & Usage) not only allowed improved access to customers and markets, but also introduced cost efficiencies into businesses that already were struggling from disruptions to their cashflow.

## GROWTH ASPIRATIONS IN THE AFTERMATH OF COVID-19

Despite the severity of the economic impact on businesses, the *strivers in the Ignite economies remain optimistic* and expect their businesses to bounce back in 2021 – with more than 40% of strivers expecting a substantial increase (more than 15%) in both revenues and profits.

The sectors with the most optimistic outlook were Retail & Wholesale and Transportation & Warehousing. However, most strivers did not expect this would be accompanied by a significant (more than 15%) increase in employment. For example, in Vietnam, only 24% of respondents expect significantly higher employment, despite almost half (48.4%) expecting significantly higher revenues.

<sup>25</sup> Includes both formal networks (business groups, market associations) and informal (mentors, professional connections, peer-to-peer support groups).

## VI. Barriers to Gender, Decision-making and Socio-cultural Norms

### Key Takeaways

- 1. The disproportionate burden of caregiving is a primary barrier for business growth for women entrepreneurs.** Female strivers reported a lower average number of hours available for their business than their male counterparts (1.8 PK, 1.2 PE<sup>26</sup>, 0.6 VN). This is important given the significant proportion of strivers (52% PK, 51% PE<sup>27</sup>, 72% VN) from our study who had dependent children (under 18) and were primarily responsible for their care (58% PK, 60% PE, 33% VN).
- 2. Female strivers are more likely to pursue impact beyond just commercial gains.** The entrepreneurial ambition and definition of success for female strivers goes beyond achieving commercial objectives. They also are motivated by realizing positive change on a personal level (independence in terms of finances and time), as well as on a community level (creating positive social impact), such as being more likely to hire women. For example, in Vietnam, female strivers are more likely (61.5%) than male strivers (37.6%) to employ women.
- 3. Women typically rely on male family members for support in making routine business decisions.** Women (80% PE, 67% VN) tended to make routine decisions *independently* at generally lower rates than men (84% PE, 88% VN), and this effect becomes more pronounced for business decisions deemed critical (such as using external financing).
- 4. Women have lower self-reported confidence levels, which can impact business growth.** This can be attributed to restricted levels of women's agency and less access to skills and capacity development opportunities, among other factors. Female strivers in Vietnam were less likely than their male counterparts to say they had adequate problem-solving abilities (-6.5%), skills and information (-5%), and abilities to achieve business goals (-2.8%).

Men and women agree that inadequate business skills and restricted mobility are major barriers to the growth of their businesses. Men also identified these as the primary challenges faced by women, which shows the importance of onboarding male family members as allies in addressing these challenges.

## OVERVIEW AND CONTEXT

Gender-based barriers discriminate against women entrepreneurs by either completely or partially excluding women from effective economic participation or forcing women into a “high-failure risk, low-profitability” category, preventing business growth and economic empowerment.

<sup>26</sup> National Time Use Survey – 2021. [https://www.dane.gov.co/files/investigaciones/boletines/ENUT/Presentacion\\_ENUT\\_septiembre\\_diciembre\\_2020.pdf](https://www.dane.gov.co/files/investigaciones/boletines/ENUT/Presentacion_ENUT_septiembre_diciembre_2020.pdf)  
<sup>27</sup> Financiera Confianza - (2021) <https://elcomercio.pe/economia/peru/madres-emprendedoras-obtienen-menos-ingresos-que-los-padres-emprendedores-en-el-peru-noticia/?ref=ecr>



These underlying structural barriers include:

- **Social norms** that informally define public spaces, restrict mobility, limit access to education, assets and digital literacy.
- **Economic factors** that restrict access to higher education, finance or markets and limit meaningful labor and workforce participation.
- **Legal barriers** that formally restrict women's agency through laws related to asset ownership and self-determination (e.g., not requiring permission for activities such as opening accounts, traveling without restrictions, getting a national identification card, setting up a business or getting a cell phone connection).

Gender-based barriers are relevant to growth entrepreneurs in all the Ignite economies, but they vary in how they affect strivers. For example, restricted mobility may have a more extreme impact on female strivers in Pakistan compared with Peru or Vietnam, given lower rates of phone ownership and digital literacy. The barriers also vary in terms of the impact on strivers' enterprises.

## DISPROPORTIONATE BURDEN OF CAREGIVING AND THE IMPACT ON FEMALE STRIVERS

Before the pandemic, women provided approximately 75% of all unpaid care work<sup>28</sup> in households with children, particularly those of school age. Research suggests that the crisis has resulted in additional burdens being placed on women, adversely impacting the time, resources and motivation for entrepreneurial pursuits.

Our research confirms the disproportionality of this burden, with female strivers reporting a lower average number of hours available daily for their business than their male counterparts (1.8 PK, 1.2 PE<sup>29</sup>, 0.6 VN). This is important given the significant proportion of all strivers (52% PK, 51% PE<sup>30</sup>, 72% VN) from our study who had dependent children (under 18) and were primarily responsible for their care (58% PK, 60% PE, 33% VN). Male strivers with children were significantly less likely to self-report being primary caregivers (4% PK, 6% VN).

28 ILO – ILO Monitor: COVID-19 and the World of Work. 5th Edition – June 2020.

29 National Time Use Survey – 2021. [https://www.dane.gov.co/files/investigaciones/boletines/ENUT/Presentacion\\_ENUT\\_septiembre\\_diciembre\\_2020.pdf](https://www.dane.gov.co/files/investigaciones/boletines/ENUT/Presentacion_ENUT_septiembre_diciembre_2020.pdf)

30 Financiera Confianza - (2021) <https://elcomercio.pe/economia/peru/madres-emprendedoras-obtienen-menos-ingresos-que-los-padres-emprendedores-en-el-peru-noticia/?ref=ecr>

**Table 7: The Burden of Domestic Caregiving for Female Strivers**

	Category (Average)	Pakistan	Peru	Vietnam
1	Number of dependent children (under 18)	2.2	Rural: 2.5 Urban: 1.8 <sup>31</sup>	2
2	Availability for business (hours per day)	8.6	7.8	9.6
3	Availability difference from male strivers (hours per day)	(-1.8)	(-1.2)	(-0.6)
4	Ratio of mother strivers as primary caregivers (% of total)	58%	60%	33%

Source: Ignite Primary Research (2021)

**“My wife is the main caretaker of my baby. I can support, but only when my wife gives detailed instructions or notes. But even then, I still need to ask again sometimes, and she needs to give constant reminders.”**

—Male striver in Hue, Vietnam

Within the context of Ignite, mothers will have to factor in domestic commitments as well as professional. Consideration will be required to ensure that the program’s design and delivery strategy respects these cultural constraints.

## AGENCY, DECISION-MAKING AND CONTROL OVER BUSINESS

The socially constructed role of men as “breadwinners” automatically gives them greater access than women to productive assets and historically has provided them with greater influence over familial decision-making.

Most strivers in our study are self-reported chief earners for their families; however, women were less likely to report themselves as the chief earner (49% PK, 63.6% PE, 20% VN) than men (85% PK, 92.9% PE, 76% VN), even in cases where their incomes were significantly higher than their husbands’ – a tacit acknowledgement of the status quo.

**“Women should never be the chief. That indicates our respect and acknowledgement of our husband.”**

—Female striver in Vietnam

31 Demographic and Family Health Survey (ENDES) - <https://elperuano.pe/noticia/120497-inei-revela-que-en-el-peru-hay-8-millones-664000-madres>

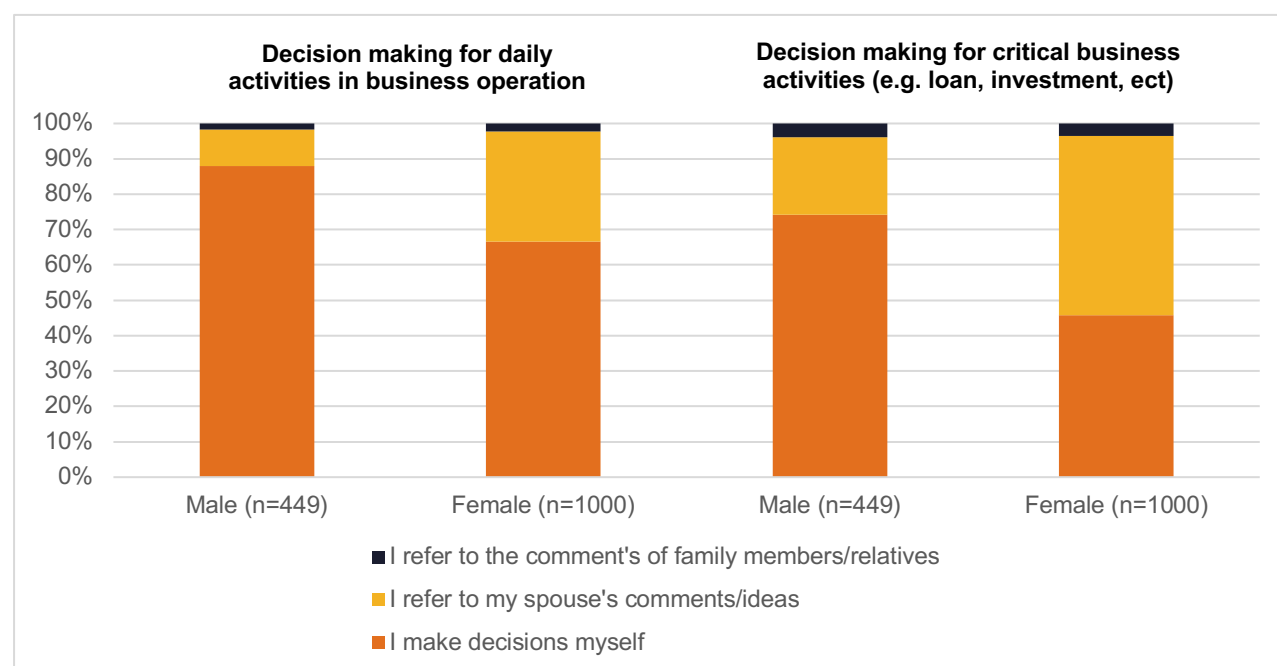
## Vietnam: Female Strivers' Confidence and Self-Perception

As self-reported, 43.4% of men and 34% of women are highly likely to treat other women as “emotional or sentimental” beings – and believe that this trait adversely impacts women entrepreneurs’ risk-taking and decision-making behavior. Such perceptions and stereotypes amplify the negative effects of structural barriers for women and are likely to have an adverse impact on their confidence levels.

To illustrate, the female strivers in Vietnam consistently self-reported lower confidence in their skills and capabilities than their male counterparts. This was particularly true for perceived problem-solving ability (-6.5%), gaps in skills and information (-5%), and ability to achieve business goals (-2.8%). This effect also is representative of the challenges faced by female strivers in Pakistan and Peru.

Female strivers tend to rely on their families for critical business decisions as is illustrated in the figures below. Interestingly, female chief earners were more likely to make business decisions independently – which validates the hypothesis that increased economic contribution to their households positively impacts their agency.

**Figure 2: Who Makes the Decisions for Your Business? (Vietnam)**



**“On one occasion they denied me a loan at Mi Banco because the father of my children had defaulted on payments for a loan he had taken out. **Not meeting the requirements of financial institutions is one of the main problems in obtaining loans.**”**

—Female pre-striver, retail, Peru

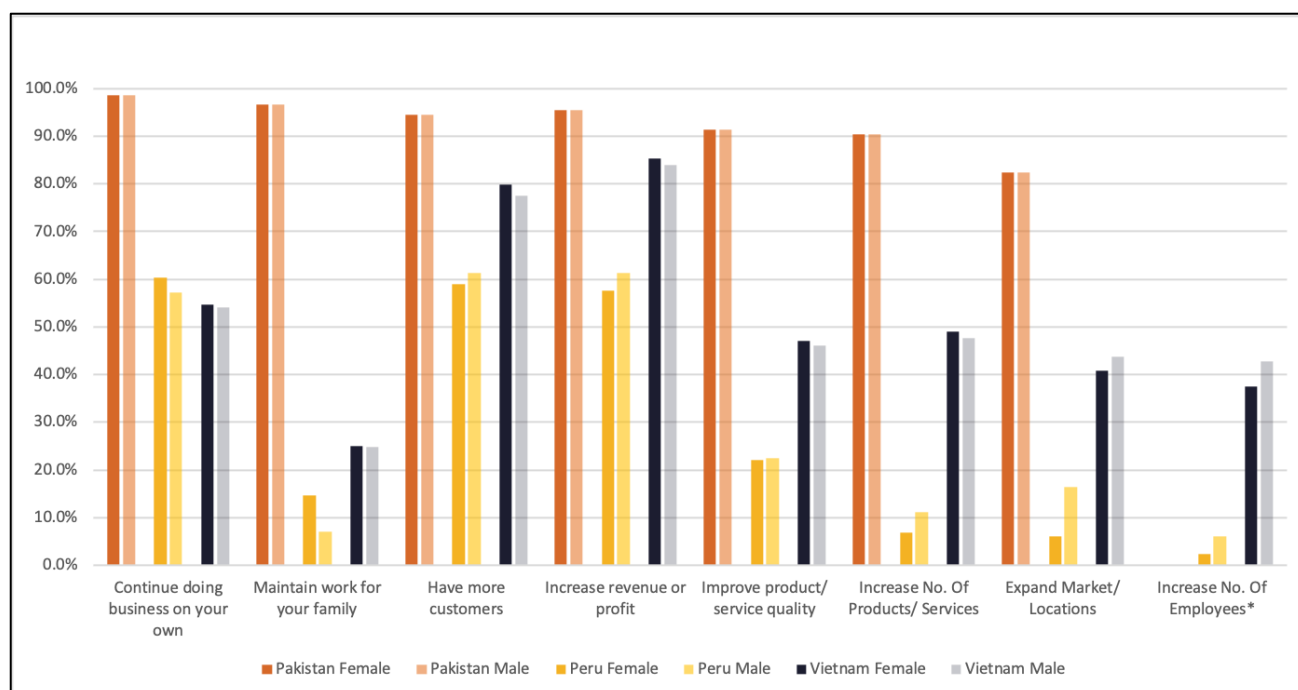
Finally, women also are likely to defer important business decisions (such as taking out loans or enrolling in a skills development program) to their husbands and other male family members. The research also highlights the importance of support and approval from family in starting their businesses. To illustrate this, almost three-fifths of female strivers surveyed felt the need for approval by their family (typically their husband or father) as opposed to only one-third of male strivers.

This highlights the importance of reaching out to male family members as key influencers and designing the messaging and outreach activities accordingly.

## MOTIVATION FOR RUNNING A BUSINESS

Male and female strivers alike tend to go beyond traditional measures of business success (increased profitability and customers), and are motivated as well by personal independence.

**Figure 3: How Do Strivers Define Success?<sup>32</sup>**



<sup>32</sup> Data for "Increase Number of Employees" not available for Pakistan.



This emphasis on gaining control over their lives also is evident in the motivation for starting their own enterprises. Their main motivation is contributing to family income or business, but for many female strivers, economic independence and increased control over time are two of the top reasons for starting a business (across all three countries), as summarized in the table below.

Table 8: Reason for Starting a Business (Female Strivers)				
	Economy	First	Second	Third
1	Pakistan	Complement family income (43%)	Economic independence/ personal income (21%)	Independence in terms of time (14%)
2	Peru	Cultural identification, familial ties to the trade or craft	Economic stability to meet family commitments (teaching children, etc.)	Economic independence and increased income
3	Vietnam <sup>33</sup>	Economic independence, increased income (74%)	Independence in terms of time (63%)	Obvious opportunity for making money (59%)

**“Sometimes when you want to do new things, your husband does not help you. In addition, the **financial issues and the fear of opening up** to something new are challenges we faced.”**

**—Female pre-striver, commerce, Peru**

33 Framed as a multiple-response question for Vietnam and a single response for Pakistan.

## VII. Access to Finance and Financial Needs of Strivers

### Key Takeaways

- 1. Women entrepreneurs continue to be largely un(der)banked.** Despite progress toward financial inclusion and ongoing efforts to bridge the gender gap, our analysis reveals that female strivers continue to be underserved, and in Pakistan and Peru, account ownership (26% PK, 43% PE, 82% VN) remains lower than their male counterparts (53% PK, 65% PE, 79% VN).
- 2. Low trust in formal financial service providers.** Across all three economies, there is a perceived lack of convenience and trust toward FSPs, which prevents more engagement with formal financial institutions. This is seen with low usage of formal financial services, particularly credit products (3% PK, 20% VN)<sup>34</sup> among strivers. Strivers also say they seek a more “customer-centric” relationship with FSPs.
- 3. Unfavorable product terms and conditions limit trial and uptake of credit products.** High interest rates, inadequate loan sizes as well as collateral/guarantor requirements are the top factors driving low product uptake for strivers.
- 4. Low financial literacy is a top barrier to accessing credit.** Limited understanding of how credit products work and how to access them is a key factor across all three countries that negatively impacts readiness for finance among strivers.
- 5. Savings, an indicator of business resilience, are mostly informal and for personal use.** Strivers, particularly females, have a low propensity to save (14% PK<sup>35</sup>, 43% PE, 66% VN) and tend to rely on informal savings (77% PK<sup>36</sup>, 48% PE, 38% VN) for mostly personal use, and tend to reinvest back in their household, rather than in their business.
- 6. Digital opportunities are high.** Strivers are highly aware (98% PK, 90% VN) of digital financial services and alternate delivery channels, providing an opportunity to translate their awareness into trial (currently 68% PK, 25% PE, 82% VN) and active usage across the three Ignite economies.

### OVERVIEW AND CONTEXT

Over 80%<sup>37</sup> of women-owned enterprises are presently unserved or underserved. The gender gap in financing, estimated at US\$1.7 trillion globally,<sup>38</sup> is enormous. The annual opportunity cost of **poor access to finance** is projected at US\$330 billion, but it should be treated as a symptom, *not* an underlying cause or a structural barrier.

The situation is no different in the three Ignite economies (Pakistan, Peru and Vietnam). Despite significant progress, persistent gender disparities continue to hold women back from realizing their

<sup>34</sup> Reliable data unavailable for Peru. Qualitative research indicates low usage.

<sup>35</sup> Our sample has a lower percentage compared to 25% (across all women) as reported by Pakistan Microfinance Network in their quarterly publication, MicroWatch Issue 59 (Jan - Mar 2021).

<sup>36</sup> Includes non-strivers as well. Financial Inclusion Insights, Wave 4 Pakistan - Kantar/ Gates Foundation (2019) - [https://finclusion.org/uploads/file/Pakistan%20Wave%204%20Report%2019-July-2017\(1\).pdf](https://finclusion.org/uploads/file/Pakistan%20Wave%204%20Report%2019-July-2017(1).pdf)

<sup>37</sup> <https://care.org/news-and-stories/ideas/its-time-to-tackle-the-1-7-trillion-global-financing-gap-facing-women-owned-businesses/>

<sup>38</sup> <https://www.sme-financeforum.org/data-sites/msme-finance-gap>

true potential. The impact of shocks to MSEs extends beyond the business to the household of the entrepreneur. In this context, financial access (savings, insurance and access to credit) becomes a critical risk management tool that serves to mitigate existential risks as well as fuel business growth.

## MSME Financing Gap in Pakistan, Peru and Pakistan

MSMEs in Pakistan, Peru and Vietnam collectively face a financing gap of *over \$74 billion*, and for women-owned MSMEs, *over \$10 billion*.

Table 9: Financing Gap Across Countries (in USD billions)				
	Category	Pakistan	Peru	Vietnam
1	Financing Demand – Formal and Informal	67.8 (100%)	70.6 (100%)	40.7 (100%)
2	Financing Demand - Formal	45 (66%)	32.7 (46%)	34.8 (86%)
3	Financing Gap <sup>39</sup> - Formal	41.7 (91%)	8.1 (25%)	23.6 (68%)
4	Financing Gap – Female-Owned Enterprises	3.5 (9%)	0.5 (6%)	6.2 (26%)

Source: SME Finance Forum – MSME Financing Gap Data Set (2018)

Not only does a significant formal financing gap exist across all three economies, but with the exception of Vietnam, the entrepreneurs in these economies do not actively seek formal sources of financing (PK 66%, 46% PE, 86% VN)<sup>40</sup>.

In the aftermath of COVID-19, however, there is opportunity in leveraging technology to improve access to finance, particularly for women. Digital financial inclusion (and the use of digital services and channels) is associated with higher GDP growth and has contributed to closing gender gaps in financial inclusion in most countries<sup>41</sup>. Across many countries, including the three Ignite economies, technology adoption by businesses during the pandemic has accelerated across all sectors.<sup>42</sup>

## ACCOUNT OWNERSHIP

Account ownership is an important first step toward financial inclusion as well as an important measure of control over productive assets for female strivers. Our analysis reveals that despite ongoing efforts to bridge this gap, account ownership among women business owners (26% PK, 43% PE, 82% VN) remains significantly lower than their male counterparts (53% PK, 65% PE, 79% VN) – and many growth-oriented women-owned enterprises continue to be underserved.

<sup>39</sup> Financing gap is the difference between the financing demanded and the credit being supplied.

<sup>40</sup> Formal demand as a percentage of total demand.

<sup>41</sup> "The Promise of Fintech: Financial Inclusion in the Post COVID-19 Era" – International Monetary Fund (2020).

<sup>42</sup> "Digital Adoption Through COVID-19 and Beyond" – McKinsey (2020),

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever#>

## ACCESS TO CREDIT

Female strivers' access to working capital is low across both informal and formal sources, but the difference was quite significant across the three economies. In Vietnam, 67% of strivers have taken out a formal or informal loan, compared with only 21% for Pakistan and 46% for Peru. A low use of formal sources (15% PK, 46% PE<sup>43</sup>, 30% VN) among borrowers and low active borrowing both indicate an unmet demand for credit among strivers – especially female strivers, who borrowed at rates lower than their male counterparts (see Table 10).

**Table 10: Access to Finance – Key Indicators**

	Category	Pakistan			Peru			Vietnam		
		T <sup>44</sup>	F	M	T	F	M	T	F	M
1	Borrowers (formal/informal - % of strivers)	21%	15%	23%	46%	38.7%	62.2%	67%	65.8%	70.4%
2	Borrowers (formal) (% of total borrowers)	15%			21%			30%		
3	Active borrowers (% of total borrowers)	37%			n/a <sup>45</sup>			44%		
4	Average loan size (USD) <sup>46</sup>	1,000			2,150 <sup>47</sup>			Informal 11,300 Formal 32,520		
5	Most common loan size	<300			>3015					
6	Typical interest rate range	10 – 30%			68 - 83.8% (formal) 92% - 180% (informal) <sup>48</sup>			1.2 – 3.4% (informal) 8.1 – 9.5% (formal)		

<sup>43</sup> From the Ignite Baseline Survey for Peru.

<sup>44</sup> Total (T), Female (F) and Male (M).

<sup>45</sup> Data not available.

<sup>46</sup> Exchange Rates Used - 1 USD equals 155 PKR (Pakistan), 3.9 Sol (Peru) and 23,000 VND (Vietnam).

<sup>47</sup> Ignite Baseline Survey for Peru. The respondents used 'ranges' to record their responses and this number is estimated using a weighted average.

<sup>48</sup> Andina.PE <https://andina.pe/agencia/noticia-muchas-mypes-estan-recurriendo-a-prestamistas-informales-835526.aspx>



## DEMAND-SIDE BARRIERS

The following table summarizes the key demand-side barriers<sup>49</sup> (across the three Ignite economies) preventing MSEs from access to finance.

Table 11: Demand-Side Barriers for Access to Finance <sup>50</sup>				
	Economy	First	Second	Third
1	Pakistan	Low perceived relevance of offered products	Low financial literacy/ understanding of offerings	Distrust in banks and their utility/ cultural considerations
2	Peru	Low financial literacy/ understanding of offerings	No separation between business and personal financial activities	Low perceived relevance of offered products
3	Vietnam	Perceived convenience of informal sources of finance/ savings at home	Distrust in banks and their utility	Lack awareness and information on available offerings

As seen in the table above:

1. **Among entrepreneurs, there is low perceived relevance of formal financial offerings**, especially when compared to informal sources, which tend to be more convenient and affordable, indicating an absence of a clear value proposition for strivers.
2. **Low financial literacy and poor business practices** – such as not separating personal and business financial activities – present significant challenges for financial institutions in serving this target group.
3. **Strivers exhibit distrust toward banks** and do not see them as effective partners in achieving their business objectives. This perception is deepened by the absence of a “customer-centric” approach, which includes limited support in navigating complicated organizational procedures, rigid requirements and unwelcome interactions in case of delayed repayments.

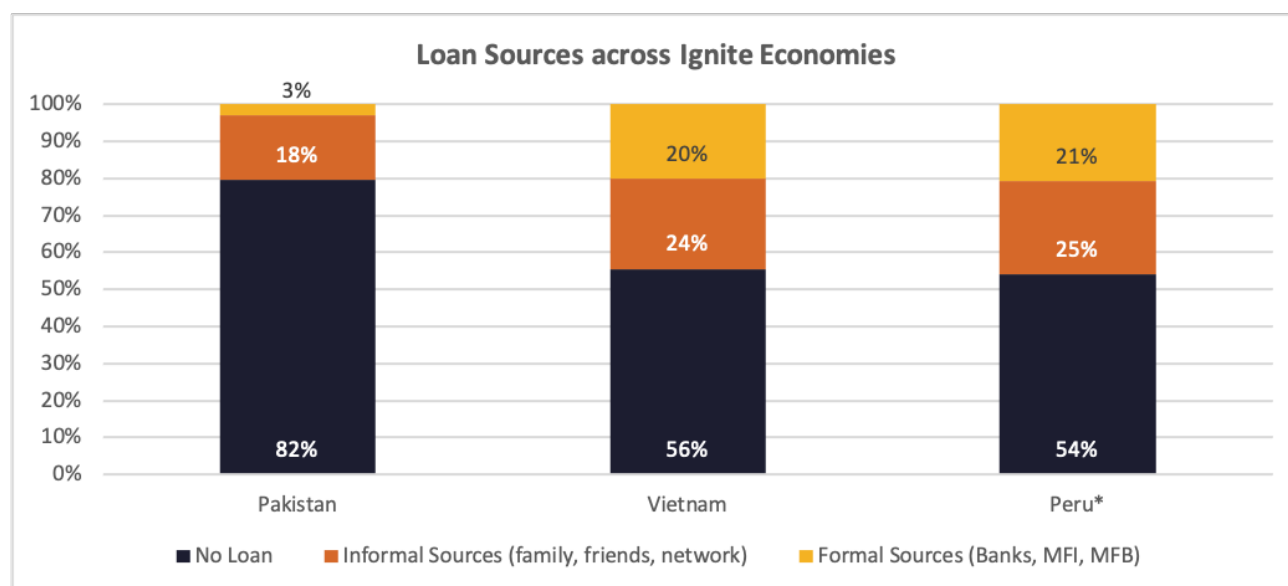
**“I took a loan for the business around two years back. The experience was not very good. Sometimes the installment got delayed due to cash shortage, and then the bank representatives would harass me for payment. I will not borrow again.”**

—Female striver in Pakistan

<sup>49</sup> These include the factors, from the perspective of users, that prevent them from using financial services.

<sup>50</sup> Compiled using both qualitative and quantitative sources, therefore percentages are only indicated where available.

**Figure 4: Loan Sources for Strivers Across Ignite Economies<sup>51</sup>**



## SUPPLY-SIDE BARRIERS

In addition to the demand-side barriers mentioned above, the limited use of formal financing sources also can be attributed to supply-side barriers, as summarized in the table below.

Table 12: Supply-Side Barriers to Access to Finance				
	Economy	First	Second	Third
1	Pakistan	High interest (12%)	Complicated/uncomfortable loan process (6%)	Limited access to assets or collateral (qualitative)
2	Peru	Complicated/excessive requirements (qualitative)	Inadequate loan amount (qualitative)	Limited access to assets or collateral (qualitative)
3	Vietnam	High interest (70%)	Complicated loan process (41%)	Inadequate loan amount due to collateral requirements (33%)

The strivers in our study cited high interest rates, a lack of understanding around interest payments, and inadequate loan sizes as key barriers to the trial and adoption of credit products. Loan terms, applicable interest rates, loan amounts and payment terms are all top variables that determine how relevant and well-designed a financial product is. For example, strivers in manufacturing and service industries (particularly in Peru) wanted longer loan terms, more than a year, to invest in assets and to match their profitability cycles.

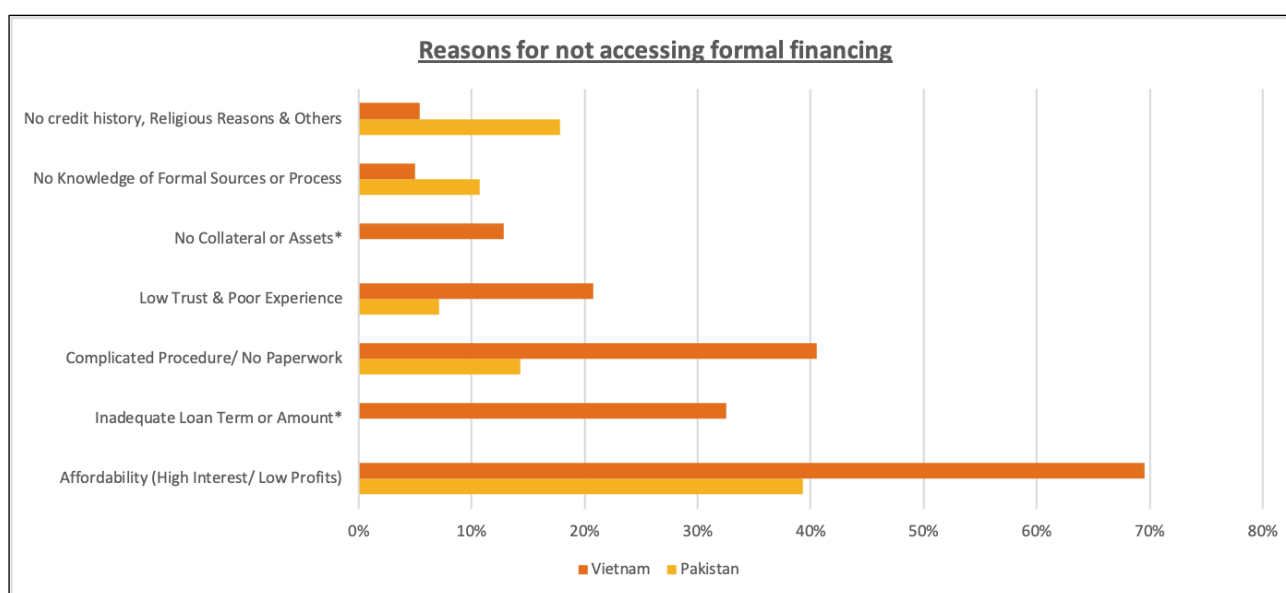
<sup>51</sup> The distribution of informal loans for Peru are based on an extrapolation of our data (which contains only formal credit sources) using secondary data for economy-wide usage of informal sources National Strategy of Financial Inclusion (2015) <https://www.bcrp.gob.pe/docs/Sistema-Pagos/inclusion-financiera/enif-julio-2015.pdf>

**“The banks want to know our commercial dynamics. If one cannot show business activity, they will tell us their analysis shows they can give you 10,000 soles, but I need 50,000 to grow my company. But they won’t give it to me.”**

**—Male pre-striver, agriculture, Peru**

Despite the availability of targeted financial products for women-owned MSMEs, entrepreneurs were largely unaware of these products, leading to limited trial. For instance, in Vietnam, only 2.6% of strivers were aware of formal loans designed for women-led enterprises.

**Figure 5: Strivers’ Reasons for Not Accessing Formal Financing<sup>52</sup>**



Strivers cited complicated loan procedures as another challenge. Strivers tend to see long documentation and supporting paperwork as being excessive, given that many feel unable to furnish many of these documents (including financials, proof of identification/national identification, etc). Similarly, many strivers (particularly in Pakistan) found the request for sensitive business information intrusive and felt uneasy agreeing to “complex” terms and conditions. This could be addressed through a simpler, more transparent process that also meets the minimum ‘Know Your Client’ (KYC)<sup>53</sup> requirements and is facilitated by specially trained staff to make the process more inviting and user-friendly.

Female strivers indicated that collateral-based lending disproportionately affects them. Globally, 90% of countries<sup>54</sup> have at least one regulation that restricts women MSME owners’ access to finance. This drives significantly lower ownership rates of productive assets among women compared with men<sup>55</sup>, adversely impacting their ability to raise initial capital for a new enterprise or to avail financing for working capital requirements. Although personal guarantees serve to mitigate risk for financial

<sup>52</sup> For Pakistan, information is not available for “Loan Term or Amount” and there were no responses recorded for “No Collateral or Assets.”

<sup>53</sup> Know Your Client (KYC) refer to regulatory guidelines requiring financial institutions to verify the identity of their clients and manage the risks associated with maintaining a business relationship.

<sup>54</sup> A Policy Framework for Women-led MSME Access to Finance - Alliance for Financial Inclusion (Jan 2021).

<sup>55</sup> “Evidence and Data for Gender Equality (EDGE) – UN” - <https://unstats.un.org/edge/publications/docs/Technical-Report-on-Entrepreneurship.pdf>

institutions and are largely acceptable to strivers – they typically are not used as a replacement for the collateral requirements. Financial service providers should consider carefully what types of collateral requirements they can reduce for women, and wherever possible, leverage cash flow-based lending, knowing that women tend to be better re-payers of loans.

**“The problem that micro-entrepreneurs face when requesting a loan is that they are not given the opportunity because they are small businesses. Financial institutions don’t trust small businesses.”**

—Female pre-striver in Peru

Finally, the erroneous perception from financial services providers that women-run enterprises are not that profitable, particularly for small businesses, acts as another key supply-side barrier. On the contrary, women-owned enterprises tend to be *better* clients for financial institutions. First, women-owned businesses tend to generate higher cumulative revenues (by almost 10%) and provide better returns (78 cents for women, compared with 31 cents for men) for every dollar of external funding,<sup>56</sup> despite receiving only a small fraction of venture capital. Second, women have better non-performing loan (NPL) ratios (3% compared with 4.9%) for total SME portfolios, according to an IFC assessment of 157 financial institutions.<sup>57</sup>

## SAVINGS

Saving is a basic form of financial inclusion and an entry point into more complex/ beneficial financial behaviors (e.g., availing insurance, credit and financing) that are valuable for business resilience and growth. From a programmatic design, it is important to encourage these behaviors among strivers for sustained benefits to their enterprises.

**“I do not think of an emergency fund for business when I decide to save. The savings mostly will be used for other purposes, supporting family rather than business.”**

—Female striver in Hue, Vietnam

In our study, not only did female strivers have a low incidence of savings (14% PK, 43.4% PE, 66% VN), but when they did save, it was not with a formal financial institution and tended to be for their personal use, not business. For example, the strivers in Vietnam had average savings of US\$43,000, and only 38% were willing to mobilize their savings for their business needs.

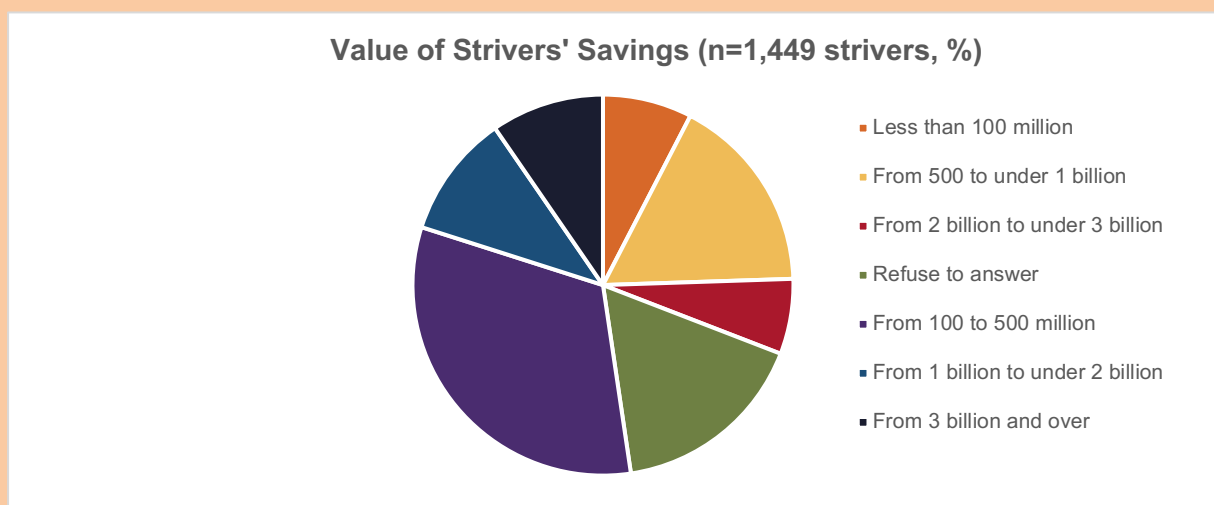
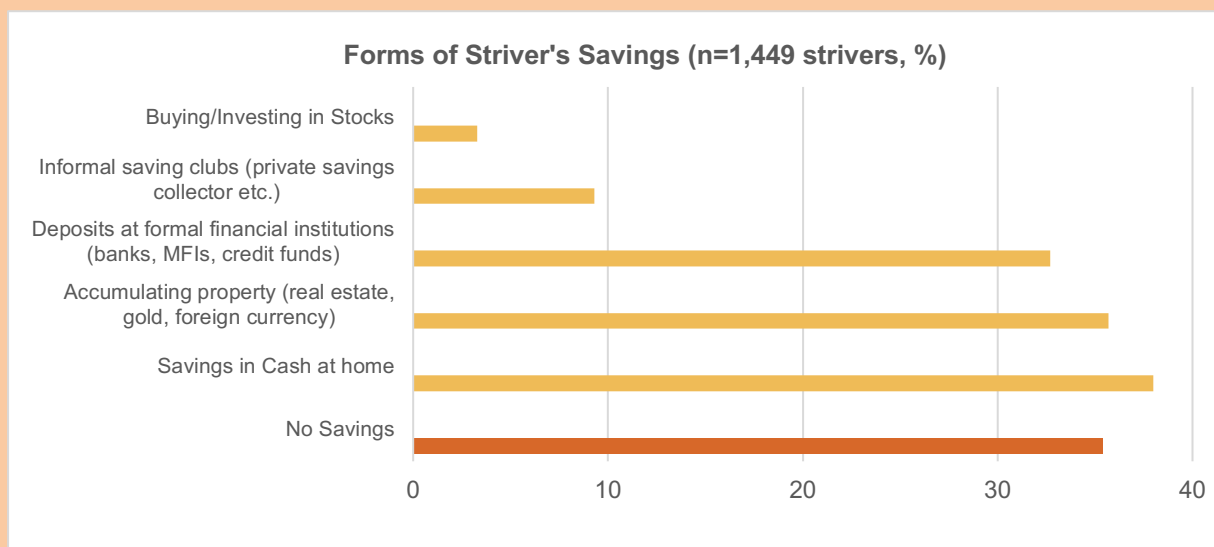
The saving behaviors among both male and female strivers, such as keeping their savings at home in cash (77% PK, 48% PE, 38% VN), shows a preference for convenience over security and is indicative of the distrust of financial institutions.

<sup>56</sup> “BCG – Why Women Startups are a Better Bet” - <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>  
<sup>57</sup> IFC – Banking on Women 2019 - Business Case Update#2.



## Strivers in Vietnam and Their Savings

A significant number of strivers in Vietnam (66%) save, indicating their propensity to manage future shocks, but they tend to rely on informal savings at home (38%), rather than trusting formal financial institutions. The average savings of strivers are sizable (~US\$42,500 or VND 976 million), with only 39.9% indicating that they have savings lower than VND 500 million (US\$21,700).

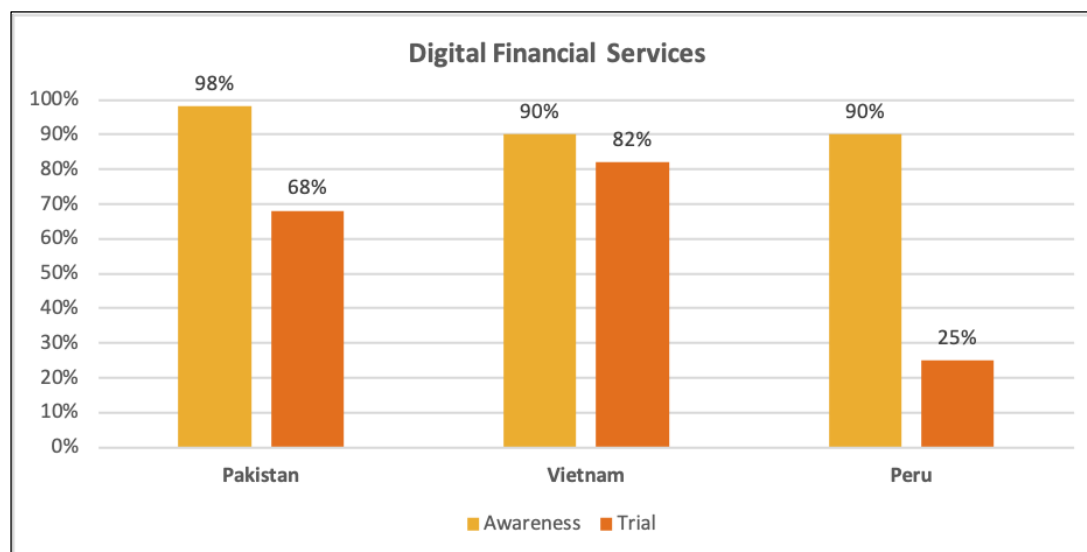


Source: Ignite Primary Research Vietnam (2020)

## DIGITAL AND MOBILE WALLET AWARENESS AND USAGE

In stark contrast to traditional credit offerings and channels, our study reveals a high level of awareness (98% PK, 90% VN) of alternate and digital delivery channels for financial services, largely driven by mobile money and wallets.

**Figure 6: Awareness and Uptake of Digital Financial Services Among Strivers<sup>58</sup>**



However, the current levels of trial of digital financial services (68% PK, 25% PE, 82% VN) highlight the need for effective strategies by FSPs to help consumers actually use them. For example, in Pakistan, very high awareness levels of digital and mobile wallets (EasyPaisa 75%, Jazz Cash 72% and UBL Omni 55%) have not translated into trial (EasyPaisa 37%, Jazz Cash 46% and UBL Omni 5%) or active usage. Limited digital skills, capabilities and the gender gap in access to mobile devices in Pakistan (50% mobile ownership for women, compared with 80% for men)<sup>59</sup> are all reasons for this gap. It must be noted that this effect is even more pronounced in Peru, where the trial rate remains quite low (25%), but not for Vietnam, where strivers have a higher adoption of digital financial services, with accelerated usage during the pandemic. In Peru, there was an almost two-fold increase in trial and usage (47%)<sup>60</sup> over the pre-pandemic levels, but there is limited data available to comment on the permanence of these gains.

Across all three economies, digital/mobile banking is largely restricted to basic usage, particularly over-the-counter payments and peer-to-peer transfers. Low digital literacy, restricted mobile ownership (PK), trust deficits with providers (VN, PE, PK) and a low understanding of functionality (PK) were some of the barriers adversely impacting usage among strivers across the three economies<sup>61</sup>. Surprisingly, satisfaction rates for those strivers who have used digital financial services in Vietnam is on the higher side (10%).

However, the true value for strivers can be unlocked by the adoption of more sophisticated digital products (digital lending and credit assessments, insurance, business tools that build credit history, etc), which must be prioritized as products from the supply side. On the demand side, the focus must be on building digital capability.

<sup>58</sup> Non-satisfaction data not available for digital financial services in Peru and Pakistan.

<sup>59</sup> "Addressing the Mobile Gender Gap in Pakistan" – GMSA March 2021

<https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2021/04/Addressing-the-Mobile-Gender-Gap-in-Pakistan.pdf>

<sup>60</sup> "Perspectivas del sector financiero durante COVID-19 - Now y next en el Perú" - EY February 2021

[https://assets.ey.com/content/dam/ey-sites/ey-com/es\\_pe/topics/strategy/ey-parthenon-peru-perspectivas-industria-financiera-covid-19.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/es_pe/topics/strategy/ey-parthenon-peru-perspectivas-industria-financiera-covid-19.pdf)

<sup>61</sup> Based on qualitative data.

## VI. Gender Gaps in Skills, Business Practices and Skills Development

### Key Takeaways

- 1. Strivers use traditional methods and are hesitant to adopt good business practices.** Most strivers rely on simple methods such as basic record-keeping (60% PK, 84% VN) and have a low prevalence of more complex “good” business practices, including business planning (38% PK, 41% VN) and market research (35% PK, 38% PE, 27% VN). Low perceived utility and limited resources likely inhibit widespread adoption.
- 2. “Marketing and promotion,” along with “sales and customer management” are priority areas for training.** These two topics were the most in demand for training in the Ignite countries. “Supply chain management,” “business planning and finance” and “soft skills training for business” were other topics of interest.
- 3. Affordability, utility and flexibility influence demand for training and support services.** The strivers highlight cost (33% PK, 66% VN), content (44% PK, 73% VN) and timing/duration (33% PK, 61% VN) as the most important considerations for signing up for training and business support services.
- 4. Despite high demand for specific skills, low willingness to pay results in low utilization of business development services (BDS).** Despite a high demand (47% PK, 51% PE<sup>62</sup>, 45% VN), only a few strivers had recently completed training (16% PK, 27% PE<sup>63</sup>, 4% VN). They signaled a low willingness to pay for training (US\$60 PK, \$260 VN), indicating a role for an organization like CARE (and their partner FSPs) in catalyzing the BDS market for MSEs.
- 5. Digital channels are necessary in a training environment defined by low willingness to pay and restricted mobility.** Most female strivers acknowledge the importance and utility of digital channels for providing training and support services as long as they were designed to cater to their mobility and flexibility constraints. Whatsapp (Pakistan and Peru only), Zalo (Vietnam only), YouTube and Zoom are the preferred digital channels, but some strivers have a strong preference for face-to-face support services.

## OVERVIEW AND CONTEXT

At the root of it, the gender gap in critical skills and support services (in addition to restricted access to finance, markets and networks) negatively impacts female strivers by 1) *restricting their participation in highly competitive and low-profitability sectors* such as wholesale, retail and hospitality (see Part IV – Striver Profiles in Pakistan, Peru and Vietnam) and 2) *lowering their business growth potential*, regardless of the sector their business operates in.

A combination of business development support and improved access to finance has been shown to have a significantly greater impact on improving the performance of women-led firms than access to finance or BDS alone<sup>64</sup>. Evidence also suggests that providing non-financial services such as skill transfer and business advice to women entrepreneurs during various stages of their business needs

<sup>62</sup> Lima Chamber of Commerce Member Survey (March 2021)

<https://lacamara.pe/cuales-seran-las-ocupaciones-mas-demandadas-por-las-empresas-en-2021/>

<sup>63</sup> Ignite Baseline Survey for Peru.

<sup>64</sup> “What Works for Women Entrepreneurs, A Meta-Analysis of Recent Evaluations to Support Female Entrepreneurship” – Brookings (September 2020).

improves their profitability, makes them more bankable and reduces the overall portfolio risk by almost 50%,<sup>65</sup> establishing a clear business case for FSPs.

Most middle- and low-income countries have been unable to adequately impart these skills in their workforce, including female entrepreneurs<sup>66</sup>. A large share of youth (22%) and women (34.4%) continue to not be in critical training programs for acquiring critical employment, education, workforce development and business skills opportunities.

Our research validates these findings for the Ignite countries and serves as a reminder that there is significant unmet demand for support services among female strivers.

## ENTREPRENEUR SKILLS AND PRACTICES

Our study reveals that entrepreneur businesses, including women-owned, in the study are still run “traditionally,” with a limited reliance on complex “good” business practices, which are strongly linked to growth and resilience. Over the past six months, most businesses reported employing basic business practices such as basic “input and output” record-keeping (60% PK, 84% VN), with many using handwritten notes.

**“I have been able to survive until now because of my association (business network). They provide loans, introduce customers ...”**

**– Female striver in Ho Chi Minh City, Vietnam**

The adoption of more complex “good” business practices was significantly lower. These practices contribute to growth orientation (market analysis, market planning, business plan review), access to finance readiness (accounting systems, periodic business planning), resilience (emergency fund, diversified market access) and network access (participating in networking, promotional events).

<sup>65</sup> “Non-Financial Services: The Key to Unlocking the Growth Potential of Women Led Small and Medium Enterprises for Banks” – IFC (2020).  
<sup>66</sup> “Young Women in the Digital Economy” – Solutions for Youth Employment (S4YE). World Bank 2018.



**Figure 7: Incidence of Good Business Practices Among Strivers<sup>67</sup>**



## REASONS FOR LIMITED ADOPTION OF ‘COMPLEX’ BUSINESS PRACTICES

The limited adoption of complex business practices is most likely due to a combination of factors (behavioral and structural) that warrant ongoing support.

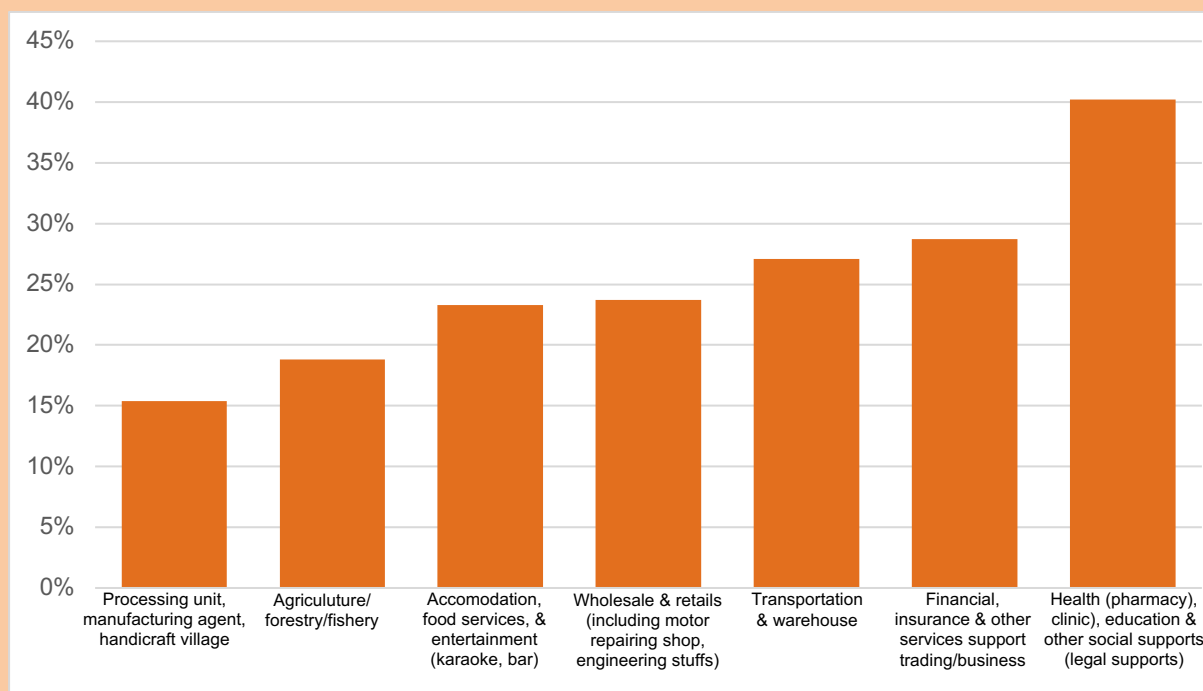
1. Strivers lack financial or human resources to implement complex practices. For example, an entrepreneur may not have enough staff to manage accounting software or enough finances to invest in computing hardware, which influences which of these activities are routinely practiced.
2. Limited digital literacy is likely to restrict a striver's use of digital tools for business gains. For example, leveraging a computer for business software might seem challenging for an entrepreneur who only uses a smartphone or a basic phone.
3. Strivers are a diverse group, with varying degrees of growth orientation. Not all strivers will adopt all the prescribed practices. For instance, one entrepreneur might simply want to buy and sell more stock for her current shop, while another might be looking to expand the number of employees, shops and the scale of business.
4. The choice of sector and the nature of an enterprise has a direct bearing on which of these business practices are deemed “important” For example, a “business plan” may be less relevant to a barber than to a motel owner.

**“It is costly to invest in a computerized system, and it also requires new skills. But I am lazy and familiar with my own notes.”**

**– Female striver in Can Tho, Vietnam**

<sup>67</sup> Data for “mentorship & business advice” not available for Vietnam.

## Incidence of Business Planning Across Sectors in Vietnam



According to our study, the use of advanced business planning varied with the choice of the sector. Sectors defined by innovation, complex operations and number of relationships (namely, health, financial services and warehousing) reported a more widespread use of business planning. This is in stark contrast to sectors that rely on low innovation (primary products, basic manufacturing) and simple operations (manufacturing, agriculture and hospitality).

## UNMET NEEDS AND DEMANDS FOR BUSINESS DEVELOPMENT SERVICES (BDS)

There is a clear demand for “business capacity or skills development” (47% PK, 45% VN) among female strivers in the coming two years (the relevant time horizon for Ignite), with most strivers prioritizing sales and customer relations, marketing and promotion, and business skills (negotiation, communication and decision-making) as areas for capacity building. The priority areas identified by strivers for each of the three countries are summarized in the table below.

**“I want to learn skills that will help me trade in bigger markets.”**

**– Male striver, agriculture, Pakistan**

**Table 13: Priority Areas for Skills Development and Capacity Building**

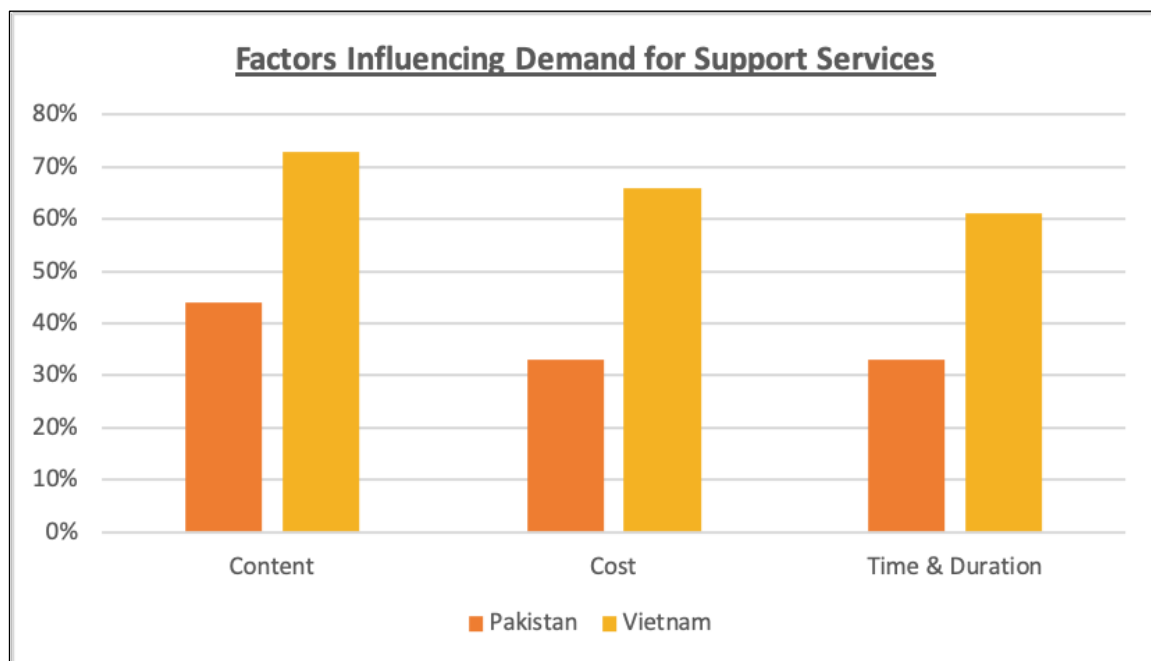
	Economy	Top	Second	Third
1	Pakistan	Marketing and promotion (65%)	Customer management (35%)	Finance and business planning (31%)
2	Peru <sup>68</sup>	Access to markets, customer relations (75%)	Finance and pricing (60%)	Soft skills for business (20%) (negotiation, communication)
3	Vietnam	Sales and customer relations (29%)	Marketing and promotion (25%)	Soft skills for business (22%) (negotiation, communication)

Financial management and accounting, HR management and technology/digital tools for business were other capacity-building areas evaluated as part of our study and are known to be critical for business growth and scaling. Unsurprisingly, due to their technical nature, these areas garnered relatively lower levels of interest among our target audience.

The demand for business development services was particularly high among female strivers from the “high competition/low innovation” sectors (Wholesale & Retail, Hospitality), which also are the sectors most adversely impacted during the pandemic.

Among the strivers with capacity-building demands, the three most important factors influencing demand were content (44% PK, 73% VN), cost (33% PK, 66% VN), and time and duration (33% PK, 61% VN), which are core considerations for future offerings.

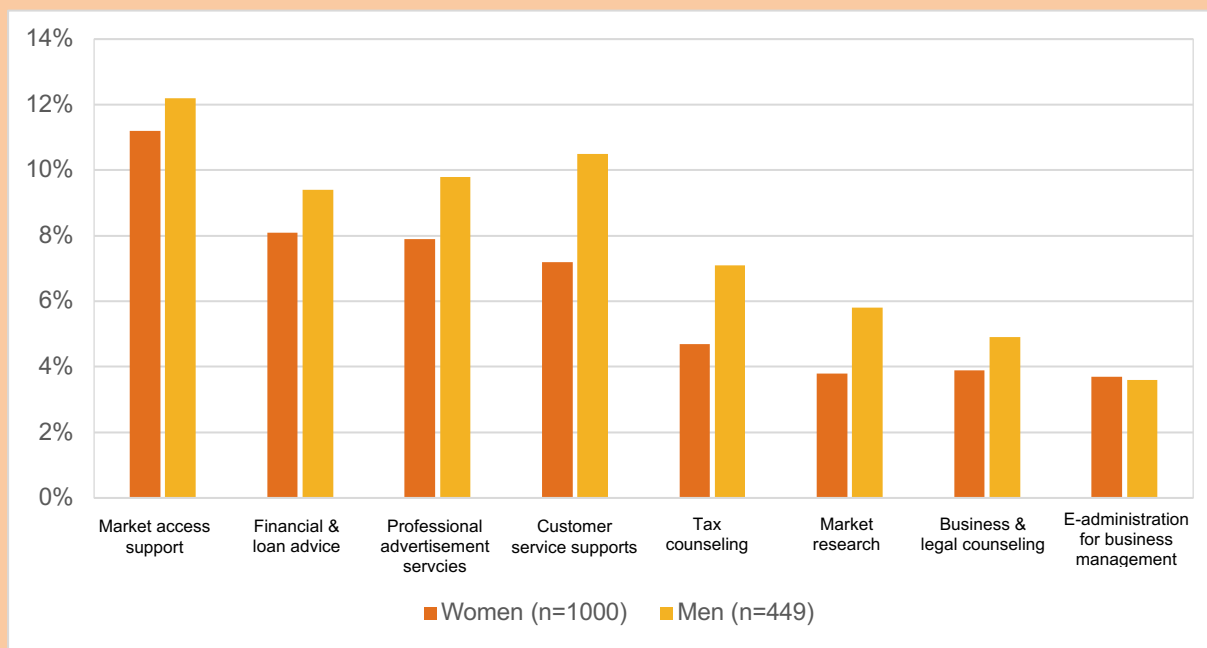
## Figure 8: Factors Influencing Demand for Support Services



<sup>68</sup> Source: Qualitative research (for future demand) and baseline data (for past training) for Peru.

High demand has not translated into an actual uptake of these services in the past. Only a few strivers (16% PK, 27% PE, 4.4% VN) had completed such a training over the past two years. A significant number of strivers (31% PK, 43% VN) clearly indicated that they did not need such training. Similarly, the low willingness to pay seems to be a limiting factor in the uptake of paid business development services.

## Strivers and Low Uptake of Professional Support in Vietnam



As in other Ignite economies, strivers in Vietnam do not actively engage external professionals or hire consultants to support their unmet business needs. Women were less likely to avail external services than their male counterparts, which could be due to a hesitance to engage with a third party, a low importance placed on unmet business needs or an overall low willingness to pay.

Our research also highlights a high degree of importance placed by strivers on informal training/ learning experiences at work (including for family-owned businesses) such as the teacher/student apprenticeship model prevalent in Pakistan. However, this informal training typically is not sufficient on its own to support the growth aspirations of strivers.



**“I gave my father a helping hand with the tea shop, so I have been trained in this. It was a family business, but I had to sell my animals to expand the tea shop into a food shop.”**

**–Male striver in Multan, Pakistan**

## DIGITAL DELIVERY FOR THE SUPPORT SERVICES

Given the highlighted unmet needs, there exists an opportunity for Ignite to help support market development initiatives and play a role in catalyzing the market using innovative, digital and cost-effective approaches that are responsive to the outlined challenges. An ILO meta-analysis<sup>69</sup> of programs focusing on women entrepreneurs provides evidence that training is more effective when it includes 1) content tailored to the skill level of entrepreneurs; 2) practical application of acquired skills to women's businesses; and 3) a high overall intensity of training.

Employing technology for training and support service delivery can potentially counter the adverse impact of various social norms (such as disproportionate burden of caregiving and reduced mobility) by allowing women with additional flexibility to acquire new skills and consequently enable them to grow. However, this is largely dependent on digital access and literacy within an economy, a potential challenge in the three Ignite economies (particularly Pakistan and Peru).

### Digital Training in Peru



As a part of the Ignite Program, CARE Peru and Fintech Oliver designed a unique mobile and web-based app called EmpreSARA, tailored to micro- and small entrepreneurs.

Key features include:

- Business data inputs to tailor content to each business.
- Practical courses on value proposition, digital marketing, supply chain management, financial management and more.
- Short interactive video experiences, tips and tools to grow your business.
- Access to a business coach.
- Governments and civil society organizations already have expressed an interest in using the app.

**The EmpreSARA app is currently being piloted, with a formal launch expected in August 2021.**

**“I prefer online training, because at home, a woman can maintain her respect. We also have a high workload (of managing the business and our homes) so it's more convenient than going to training (in-person).”**

**–Female striver in Rawalpindi, Pakistan**

69 ILO – WED – Effectiveness of Entrepreneurship Development Interventions for Women Entrepreneurs 2014.



Female strivers acknowledged the importance of adopting digital tools for their business and training needs, especially if they were able to address their mobility and flexibility constraints. However, there is an acknowledgement of the convenience of digital training, there is a strong preference among female strivers across the three economies for face-to-face training (77% PK<sup>70</sup>). Women find it easier to make connections with other strivers and ask questions in group dynamics this way, but digital tools must find ways to fill these gaps, as COVID-19 continues to be a major challenge. Among the strivers who would opt for online training, Whatsapp (Pakistan and Peru only), Zalo (Vietnam only), YouTube and Zoom are the preferred digital channels. The strivers also indicated a willingness to learn about new virtual platforms with support from their digitally savvy children.

Even with growing internet and smartphone penetration rates, our qualitative research highlighted access to smartphones, internet connections, data availability and limited digital literacy as continued major barriers to scaling digital capacity building, particularly across Peru and Pakistan. The Ignite program will address the digital divide in multiple ways: design hybrid digital/non-digital touchpoints, leverage existing digital modules, design new practical modules using delivery channels tailored for the needs of strivers, and focus on building core digital capabilities for entrepreneurs.

## IX. Digital Tools and Channels – Access and Usage

### Key Takeaways

- Digital access indicators highlight that the gender-based digital divide is less pronounced for strivers, particularly in Vietnam.** The gender gap is marginal and is narrowing. Smartphone ownership among women (62% PK, 62% PE<sup>71</sup>, 63% VN) and men (61% PK, 66% PE, 63% VN), as well as internet access for women (41% PK, 68% PE<sup>72</sup>, 72% VN<sup>73</sup>) and men (46% PK, 71% PE, 68% VN) are largely similar.
- More than a third of the strivers do not use any digital tools<sup>74</sup> for their businesses.** Female strivers are less likely to be users of digital services than their male counterparts, even though the use of digital business tools can increase resilience to shocks.
- Facebook (social media), Whatsapp/Zalo (communications) and Youtube (digital content delivery) are the most popular services in their respective categories among strivers.** Digital social services have high adoption rates for personal use (81% PK, 78% PE, 70% VN)<sup>75</sup> but only limited adoption among strivers for business use (17% PK, 25% VN)<sup>76</sup>.

70 Results from Ignite Survey in Pakistan and qualitative research for Peru and Vietnam (data in % not available).

71 Telecom Indicators for Peru - Statista (2019) <https://www.statista.com/statistics/802272/peru-smartphone-user-penetration-lima-by-gender/>

72 Digital Gender Gap (Brecha Digital de Genero) - INEI 2021 (For all the population including strivers) <https://www.inei.gob.pe/prensa/noticias/se-incremento-poblacion-que-utiliza-internet-a-dia-12806/>

73 Extrapolated gender-segregated data using information available for Vietnam - Statista (2019) <https://www.statista.com/statistics/1091223/age-distribution-of-internet-network-users-in-vietnam-by-gender>

74 Includes digital financial services (mobile banking and online payment), online tools (social media and marketing: e.g., Facebook for business and Google analytics), and e-commerce (online marketplaces and delivery apps).

75 Source: Primary Research for Pakistan (strivers) and Digital 2021 Report for Peru & Vietnam (all population) Digital Annual Report 2021 - Hootsuite & Wearesocial <https://datareportal.com/reports/digital-2021-local-country-headlines>

76 Source: Ignite Primary Research.

4. **Digital payments, social media and communication tools are the primary drivers of digital adoption among strivers.** Most strivers can be categorized as “simple’ users”<sup>77</sup> (those using one digital service or tool) and only 20% as “advanced users” (those using more than three digital tools or services).
5. **Adoption of e-commerce platforms and delivery apps continues to be limited, despite their increased relevance during COVID-19.** Strivers continue to place significant emphasis on in-person customer interactions for driving sales but increasingly recognize the potential of digital channels in improving access to customers and markets.

## OVERVIEW AND CONTEXT

Digital is the new economy. Its potential role in limiting the adverse economic impact of the pandemic is increasingly being celebrated, but the **persisting digital divide** has come under the microscope for its contribution to a disproportionate impact on women entrepreneurs during COVID-19.

Globally, women continue to face barriers to the use and access of technology. They are 14% less likely to own a mobile phone, and in some regions, they are 50% less likely to have access to the internet<sup>78</sup>, severely restricting their ability to leverage technology for business, access networks and benefit from digital financial services.

## DIGITAL ACCESS AMONG STRIVERS

This challenge is less pronounced for the women across the Ignite economies, where digital access indicators highlight only a marginal and narrowing gender-based digital divide. In the case of Vietnam, in fact, women had *better* digital access than their male counterparts.

Strivers tend to have better digital access than the underlying economy. For example, 26% of women overall in Pakistan own a mobile phone, compared with 62% of female strivers.

**“I only take cash. Payments are always in person.  
I have an old cellphone at home, but I don't have Wi-Fi.”**

**–Female pre-striver, Peru**

Smartphone ownership rates among women (62% PK, 62% PE<sup>79</sup>, 63% VN) and men (61% PK, 66% PE, 63% VN) are largely similar, as is internet access for women (41% PK, 68% PE<sup>80</sup>, 72% VN<sup>81</sup>) and men (46% PK, 71% PE, 68% VN).

77 For this analysis, simple users are defined as those using only one digital tool and advanced users are those using three or more digital tools.

78 WEFI: Board Paper: Women's Entrepreneurship Facility – IFC 2017.

79 Telecom Indicators for Peru - Statista (2019) <https://www.statista.com/statistics/802272/peru-smartphone-user-penetration-lima-by-gender/>  
80 Digital Gender Gap (Brecha Digital de Genero) - INEI 2019 (For all the population including strivers) <https://www.inei.gob.pe/estadisticas/indice-tematico/brecha-digital-de-genero-7920/>

81 Extrapolated gender segregated data using information available for Vietnam - Statista (2019) <https://www.statista.com/statistics/1091223/age-distribution-of-internet-network-users-in-vietnam-by-gender>

## DIGITAL ADOPTION AND KEY SOCIAL MEDIA CHANNELS

The low adoption of digital tools and services for business use among strivers continues to be a challenge: A third of the strivers in Vietnam (34%) indicate not using them for their routine business operations. Female strivers across all three Ignite economies also are less likely to be users of digital services (60% VN) than their male counterparts (68% VN).

Digital social services like Facebook have high adoption rates among strivers for personal use (36% PK, 78% PE, 70% VN)<sup>82</sup> but only limited adoption for business use (48% PE<sup>83</sup>, 25% VN) across all three countries<sup>84</sup>. This holds true for communication services like Whatsapp and Zalo<sup>85</sup> where personal use (41% PK, 60% PE, 77% VN) is significantly higher than business use (25% VN)<sup>86</sup>. The following table summarizes *population averages for digital access* (not just for strivers) for the three economies.

**Table 14: Digital Access and Key Social Media Channels<sup>87</sup>**  
(users in millions and penetration in %, all population)

	Economy	Internet Users	Mobile Connections <sup>88</sup>	Facebook (Social media)	Whatsapp/ Zalo (communication)	YouTube (Digital content)
1	Pakistan	27% 61.3	78% 173.2	18% 40.0	39% <sup>89</sup> 87.0	16% 36
2	Peru	60% 19.9	109% 36.1	78% 26.0	>60% <sup>90</sup> >20.0	46% 15.1
3	Vietnam	70% 68.7	158% 154.4	70% 68.0	77% 75.0	57% 55.7

An opportunity exists to translate the existing familiarity with these services – from high personal usage – into advanced business usage. This is especially important as our qualitative assessments hint at a shift in strivers’ perceptions regarding the “necessity” of business digitization that can bring “great benefits” to their enterprises, particularly in the aftermath of COVID-19.

**“Before, my restaurant only served customers directly at the shop. But since COVID-19, we have had only take-away. In order to have more customers, I registered on Now, Foody, Grabfood and Baemin [apps that support ordering and shipping].”**

—Female restaurant owner in Vietnam

82 Source: Primary Research for Pakistan (strivers) and Digital 2021 Report for Peru & Vietnam (all population) Digital Annual Report 2021 - Hootsuite & Wearesocial <https://datareportal.com/reports/digital-2021-local-country-headlines>

83 “Economic impact analysis of COVID-19 on Peruvian microentrepreneurs, use of digital channels, and possible financial instruments.” - CARE & Hedera (November 2020).

84 Source: Ignite Primary Research. For Peru and Pakistan, the analysis is based on qualitative research and for Vietnam, the Ignite survey data was used

85 The primary communication services are Zalo (for Vietnam only) and Whatsapp (Pakistan and Peru).

86 Relevant survey data available for Vietnam. Qualitative data available for Pakistan & Peru.

87 Digital Annual Report 2021 - Hootsuite & Wearesocial <https://datareportal.com/reports/digital-2021-global-overview-report>

88 A teledensity higher than 100% (in this case for Peru and Vietnam) indicates more mobile connections than the underlying population.

89 Gallup poll for Pakistan <http://gallup.com.pk/39-pakistanis-claim-to-use-whatsapp-wide-differences-among-gender-age-and-urban-rural-groups/>

90 Estimated using data available for 2018 for improved comparison. 2018 source: <https://www.statista.com/statistics/990651/whatsapp-penetration-rate-peru/>

Digital payments, social media and communication are the tools strivers are most likely to adopt first, but their usage varies across countries. Additionally, despite an increase in uptake during the pandemic, most strivers are “simple users,” defined as those using only one digital service/tool, with only a handful (20% VN) exhibiting advanced digital behaviors, using more than three digital tools or services for their businesses. There is an opportunity to build digital capability and help strivers overcome their digital fears through regular and ongoing use.

## DIGITAL BANKING AND E-COMMERCE

As highlighted earlier, high awareness levels of digital financial services among strivers (98% PK, 90% VN) have not translated into usage (68% PK, 25% PE, 82% VN), particularly in Peru. The digital divide, low financial literacy and low levels of perceived utility continue to be major barriers to adoption for strivers, as well as for women in general. The Ignite program will continue to tackle these barriers through continued financial education, by designing and adapting digital products and services suited for this segment (both financial and non-financial), and by focusing on building strivers’ digital literacy and capability.

### Digital Banking and Financial Literacy Among Female Strivers – A Focus on Pakistan

	% Strivers who had “heard and understood” the following terms				
	Had heard and understood		Never heard or do not understand		
Financial Terms	Male Strivers	Female Strivers	Male Strivers	Female Strivers	Gender Gap
Mobile Money	71%	39%	18%	44%	26%
Debit/ Credit Card	84%	69%	7%	22%	15%
Interest	80%	58%	9%	36%	27%
Savings	88%	77%	6%	19%	13%
Loan	96%	84%	3%	14%	11%
Insurance	86%	69%	5%	24%	19%
Bank Account	96%	76%	0%	13%	13%
ATM	92%	80%	2%	13%	11%

1. **Mobile money, debit/credit card, interest and insurance** are the concepts with the most pronounced gender-based differences in understanding, highlighting specific gaps that need to be addressed under Ignite for adoption of digital financial products and services.
2. There is a **gender dimension to the digital divide**<sup>91</sup> in Pakistan contributing to the low uptake of digital financial services and alternate delivery channels. In Pakistan, only 10% use digital banking services, and male strivers are four times as likely to have used it (12%) compared with females (3%). In addition, women are 38% less likely than men to own a mobile phone and 49% less likely to access the internet.

91 “Addressing the Mobile Gender Gap in Pakistan” – GMSA March 2021.

<https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2021/04/Addressing-the-Mobile-Gender-Gap-in-Pakistan.pdf>

3. Restricted mobility continues to be a barrier to financial inclusion for many female strivers. **Digital financial services provide a unique opportunity** to overcome such traditional barriers to finance.

Digital banking has taken on increased importance during the pandemic, as it is a catalyst to a more widespread use of e-commerce platforms and delivery apps.

As disruptions to business continue, e-commerce holds the key to improved access to markets and customers – one of the key challenges for strivers identified by our research. Businesses that have integrated e-commerce into their strategy have improved resilience to shocks. Despite this increased relevance, few strivers in our research were actively seeking to adopt e-commerce platforms. For example, in Vietnam, only 19% of strivers had considered e-commerce as a coping mechanism to COVID-19 over the past year.

However, our qualitative research does hint at early signs that the strivers' historical emphasis on in-person customer interactions for driving sales may now be giving way to adoption of e-commerce and other digital channels. Our data does not provide any conclusive evidence whether this trend is temporary or will persist long-term.

**“Sales are face-to-face and virtual. For face-to-face sales, I come to the shop, but for web-based sales I deliver. I use social media. I post the products, and my clients ask for them. Before, [e-commerce] didn't help me much. But it is easy now that I have learned.”**

**—Male striver in Peru**

## X. Conclusion: Implications for Programming to Support MSEs

The synthesis of the research presented here identifies key drivers of growth and resilience and offers insights into the behaviors and practices of strivers, and reinforces the opportunity for the Ignite program, and other women's entrepreneurship programming, to tailor their delivery approach for improved accessibility, relevance and impact.

### ACCESS TO FINANCE

Identified as one of the top drivers for improved growth and resilience, well-designed human-centered – or women-centered – products and services can help grow an entrepreneur's business based on their everyday realities.

- **First**, financial service providers must ***tailor products to entrepreneurs, especially women***. A highly relevant, sector-specific product considers the needs of the business/sector – seasonality and timing of business cashflows in repayment terms, schedule and interest rates – and is responsive to the challenges faced by female strivers (revisiting loan sizes, interest



rates, guarantor and collateral requirements).

- **Second**, financial service providers need **to improve the customer journey**, and more specifically, address the trust deficit identified in this study. There should be a focus on building deeper relationships with female strivers by investing in staff training, building or adapting touch points with deeper consumer engagement strategies, and ensuring that women are represented as staff and agents.
- **Third**, FSPs need to more actively incorporate **women entrepreneurs in their overall digital strategy**. Contributing to sector wide financial and digital education initiatives is a means to improve usage among their client base, as improved financial adoption through alternate delivery channels will continue to be at risk if the digital divide and lagging financial literacy levels for women are not addressed.

## WRAP-AROUND AND SUPPORT SERVICES

Over the past year, the strivers in our study were most impacted by reduced access to markets and disruptions to cashflows. And as evidence shows, access to finance needs to be complemented with targeted “non-financial” services to maximize the impact on the profitability and growth of businesses being supported. Ignite is focused on delivering a mix of hard skills, soft skills and support networks to help strivers, especially women, overcome their barriers to growth.

- Within the context of the program, it is important for programs to **tailor the curriculum to support hard skills** (financial and business planning, marketing and promotion, supply chain management, customer management, HR management) that are key for business growth. Similarly, **soft-skills training (influencing, negotiation, etc.) needs to be prioritized**, as well as utilizing peer-to-peer support groups/learning circles, empowering entrepreneurs to learn how to troubleshoot from each other, providing targeted real-world advice that works, and giving women positive mental and emotional spaces to destress, given their high unpaid care burdens.
- It is critical to provide **affordable access to capacity-building through a conscious mix of in-person and digital channels** that lower the cost of training delivery and provides flexibility for female strivers with competing priorities. Where relevant, it is essential to focus on building digital capacity for business skills and promotion of digital business tools (payments, business tracking software, etc.).

## OUTREACH CAMPAIGNS

- **Large-scale outreach campaigns** need to be designed as mixed media campaigns, with careful thought into which channels will yield breadth of impact versus depth of impact, and the specific behavior that is desired. For example, it’s easy to promote a digital wallet using SMS channels, but use of digital tools can only be achieved with intentional engagements, providing demonstrations/financial education that help entrepreneurs overcome practical barriers to use. WhatsApp and Zalo are great channels to engage in two-way communication and build engaging networks of women entrepreneurs, whereas radio might be used to create mass awareness tackling specific social norms.
- In addition to financial and digital education targeting entrepreneurs, **outreach campaigns must target households, male family members and influencers**, as well as communities, with messaging intended to overcome social norms and structural barriers that prevent growth of female entrepreneurs’ businesses.

## BEYOND PROGRAMMING – ADDRESSING STRUCTURAL ISSUES

Beyond direct programming, it is important to recognize and address these challenges at the national policy level.

- **Policies and regulations can support women in unpaid care**, including improving access to childcare and policies that mandate paid leave from employment and allow for flexible work arrangements, which will allow for a more equitable burden of caregiving.
- It is important to **address discriminatory legal and socio-economic practices** that restrict women's access to asset ownership (e.g., through inheritance laws), limit their mobility (by denying them access to public spaces) and limit their access to information (barriers to owning mobile phones and cellular connections).
- It is critical to **focus on recruiting allies** – regulators, market actors, providers and family members – who will work toward removing barriers that limit women's access to education, skills, markets and professional networks.

## Annex A – Country Profiles

**Table 15: Country Profiles & Economic Indicators (2019)**

	Indicator	Pakistan 	Peru 	Vietnam 
1	Economic Classification – World Bank	EMDE Lower Middle Income	EMDE Upper Middle Income	EMDE Lower Middle Income
2	Population (millions)	212.2	32.5	95.5
3	GNI per Capita (USD)	\$1,580	\$6,530	\$2,400
4	GNI Growth Rate (%)	1%	2.2%	7%
5	GINI Index	33.5	42.8	35.3
6	Literacy Rate	59%	94%	95%
7	Ease of Doing Business Index	Rank: 108 Score: 61.0	Rank: 76 Score: 68.7	Rank: 70 Score: 69.8
8	Starting a Business – time in days	Women: 16.5 Men: 16.5	Women: 26 Men: 26	Women: 16 Men: 16
9	Starting a Business – cost as % GNI	Women: 6.9% Men: 6.9%	Women: 9.4% Men: 9.4%	Women: 5.6% Men: 5.6%
10	Getting electricity – time in days	134	67	31
11	MSMEs – Total (millions)	3.20	1.68	5.65
12	MSMEs – Women-owned (%)	8%	17%	2%
13	Categorization – Micro- Enterprises	< 10 employees, turnover not defined	<20 employees, <USD 200,000 investment, 100 tax units	< 10 employees
14	Categorization – Small Enterprises	up to 50 employees	< 40 employees, under 200 tax units	< 200 employees, capital < 20 billion VND
15	Categorization – Medium Enterprises	employees up to 250, annual turnover < 250 million PKR		< 300 employees, capital < 100 billion VND
16	Tele-density <sup>92</sup>	79.6%	136.5%	141.2
17	Smartphone Penetration <sup>93</sup>	18.4%	64.0%	63.1%

<sup>92</sup> Number of telephone connections (cellular and fixed-line) for every 100 individuals.

<sup>93</sup> Statista (Peru 2019) and Newzoo (Vietnam & Pakistan 2020).

18	Internet Penetration	41.0%	69.0%	70.4%
19	Government Debt % of GDP	85% <sup>94</sup>	26.8%	54.4%
20	Fiscal Deficit % of GDP	10% <sup>95</sup>	8.7% <sup>96</sup>	4.4%
21	Banked (Adults 15+)	21.3%	42.6%	30.8%

Sources: The World Bank Group – “World Development Indicators” & “Ease of Doing Business,” CEIC Data – Country Indicators & GS.

<sup>94</sup> <https://www.spglobal.com/marketintelligence/en/news-insights/blog/banking-essentials-newsletter-december-edition-part-2>

<sup>95</sup> <https://www.spglobal.com/marketintelligence/en/news-insights/blog/banking-essentials-newsletter-december-edition-part-2>

<sup>96</sup> BCRP (Central Reserve Bank of Peru) <https://www.bcrp.gob.pe/docs/Publicaciones/Nota-Semanal/2021/resumen-informativo-2021-04-15.pdf>