



Joint B20-W20 Engagement Partners Statement

Shaping an Inclusive Business Environment in a Globalized World: Strengthening Women-owned SMEs

Robust and sustainable economic growth and development requires diversity and inclusion. Women-owned small and medium enterprises (SMEs) contribute significantly to the economies in which they operate. However, female entrepreneurs face many challenges, both financial and non-financial, to realizing their growth potential. According to the International Finance Corporation (IFC), there are roughly 9.3 million women-owned SMEs in a total of more than 140 countries. This is approximately one third of all formal SMEs. The start-up rate of female-run businesses is also much lower than that of male-run businesses, although empirical evidence shows that businesses with greater gender diversity get better results. Therefore, the G20 should step up its efforts to support not only SMEs but also female entrepreneurship, paying particular attention to access to financing and digitization.

Access to Finance

Limited access to finance is one of the key impediments to SME growth. While restricted access to finance has long been a problem for all SMEs, the finance gap is particularly large for women-owned SMEs. Several hurdles stand in the way of women-owned SME obtaining loans to grow their business. For example, financial institutions often perceive women as riskier and as entailing higher costs. Another obstacle is lack of collateral. Many banks require fixed assets such as a land title as collateral, which it is usually difficult for women to provide. In addition, women tend to be less well educated in the areas of finance and business. Socio-cultural constraints combined with a lack of customized financial services and access points amplify the problem.

The G20 members should therefore redouble their efforts to implement the G20 High Level Principles for Digital Financial Inclusion, to ensure that SME-specific needs are sufficiently addressed, and to boost SMEs' awareness of and ability to engage in digital finance, including electronic invoicing and settlement, digital trade, and supply chain financing. The members should also offer greater support to the building up of financial literacy, skills, and capabilities. In doing so, they should pay particular regard to the specific needs of women-owned SMEs and intensify their support during the start-up phase of female-led SMEs, which is particularly critical. To design effective and targeted measures and to better cater to the needs of women entrepreneurs, reliable (gender) disaggregated data are necessary. G20 members should therefore support international financial institutions such as the IFC in collecting and analysing these data.

Digitization

Digitization is increasingly a determining factor for economic and social inclusion and development – across all sectors: digitization affects not only all economic sectors but also government, civil society, and people's everyday lives. While digitization does open up great opportunities, the increasingly rapid changes it entails could aggravate existing imbalances if the digital divide is not adequately addressed. We therefore welcome the G20's focus on

bridging the digital divide, and we call for concrete action plans including measures for a gender-equal digital transformation.

In 2014, half of the global population did not use the internet. Small firms tend to use digital technologies less than their larger counterparts. The majority of those excluded are run by women. We thus call on the G20 members to use information and communications technologies (ICT) to advance gender equality and women's economic empowerment. The G20 members should also invest more in technical and vocational education skills and training (TVET) for girls and women. Promoting access to digital trade and electronic payment methods can also contribute to increasing the participation of SMEs, including those run by women, in the global economy. G20 members could further establish SME innovation hubs and competence centres to encourage usage of and knowledge about new applications, technologies, and innovation. Those hubs could focus on the needs of women-owned SMEs. However, these measures will only be successful if countries have a good ITC infrastructure – including in rural areas. Much remains to be done in this regard. We would therefore also like to see more investment in ITC infrastructure.

With the United Nations 2030 Agenda for Sustainable Development, the G20 countries have committed to achieving sustainable economic growth and development worldwide. As SMEs are a cornerstone of many countries' economies and societies, the G20 members would be well advised to step up their efforts towards enabling SMEs to participate in the global economy. At the same time, the B20 and W20 would also like to see more effort invested in the economic empowerment of women and support for women-owned SMEs. We would like to see G20 members developing and implementing their own frameworks for boosting women's enterprise. One thing is clear: investing in women's entrepreneurship is good for business and for economic growth.

About the G20

The G20 is an important forum for international economic cooperation. Within the G20, 19 leading industrial and emerging economies and the European Union coordinate their policies and agree on joint actions and principles. The G20 economies account for 85 percent of the global economy, 80 percent of world trade, and two-thirds of the global population. The G20 is thus an important forum for building political will.

About B20

Business20 (B20) is the official G20 dialogue partner for business matters. Its mandate is to support the G20 through consolidated representation of interests, concrete policy proposals, and expertise. Furthermore, the B20 promotes dialogue among policy-makers, civil society, and business at the international level. The B20 is jointly organized by the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA), and the Association of German Chambers of Commerce and Industry (DIHK)

About W20

Women20 (W20) is the official G20 dialogue partner focusing on women's economic empowerment. W20 brings together the global experiences of women's civil society organizations and women's entrepreneur associations. Women20 Germany is jointly organized by the National Council of German Women's Organizations (Deutscher Frauenrat) and the Association of German Women Entrepreneurs (Verband deutscher Unternehmerinnen, VdU).

Signatories



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