

WOMEN'S ECONOMIC AND SOCIAL ADVANCEMENT (WESA) UNIT

**FINANCIAL INCLUSION PROJECT
FINAL REPORT**

“Documenting Financial Inclusion Best Practices:
Experiences of 60 Women Entrepreneurs in South Africa”

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SECTION 1. ACKNOWLEDGEMENTS

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We would like to extend our appreciation to the African Women’s Development Fund (AWDF) for supporting the Graça Machel Trust (GMT) with the grant to implement the project “Documenting Financial Inclusion Best Practices: Experience of 60 Women Entrepreneurs in South Africa and Zambia” that is driven by the Women’s Economic and Social Advancement Programme (WESA) at the Trust.

We would like to thank the women entrepreneurs from the Women Creating Wealth (WCW) Programme who have agreed to participate in the study by availing their time to share their experiences, challenges, successes and hopes in the survey and interview sessions. We would also like to thank representatives from various financial institutions who have given us their time to share insights and knowledge to enrich this study. We trust that the information shared in this study will contribute towards identifying best and emerging practices and existing gaps that will enable the Trust to develop evidence-based financial inclusion advocacy at country, regional and continental levels to promote gender-responsive strategies that are inclusive and place women at the forefront.

Finally, we would like to thank the WESA team and Women Creating Wealth (WCW) team for ensuring that this study is carried out successfully.

SECTION 2. EXECUTIVE SUMMARY

This report aims to document best practices by taking a micro-level deep dive into why women entrepreneurs applying for 'missing middle' funding (i.e., in the range of USD 30 000– USD 500 000) more often fail than succeed. The report gives particular attention to demand and supply-side issues related to women entrepreneurs accessing finance in South Africa. The study provides a baseline assessment of a cohort of women who participated in the 2020 WCW Enterprise Development Training. The study assesses women entrepreneurs' experiences in accessing finance and the nature of investor readiness. The study also assesses the supply and demand challenges of financial institutions to better understand supply-side issues related to accessing finance for women entrepreneurs in South Africa.

The study gained insight from sixty-one (61) women entrepreneurs and eight (8) financial institutions based in South Africa. The purpose of the study is to strengthen advocacy and better support women entrepreneurs, establish a baseline for women entrepreneurs, identify key recommendations for inclusive business financing practices for women related to the COVID-19 economic response, increase women’s access to finance and financial services, strengthen the skills and capacity of women to access finance and determine the nature of investor readiness of women who have applied for finance.

SECTION 3. GLOSSARY

<i>Access to finance</i>	Relates to a women’s ability to access financial products such as loans, overdraft facilities, credit, etc.
<i>Trade credits</i>	When one obtains credits from a supplier or purchaser
<i>Equity</i>	Represents the amount of funding required for a funding grant to be released

SECTION 4. ABBREVIATIONS AND ACRONYMS

ABSA	Amalgamated Banks of South Africa
AWDF	African Women’s Development Fund
CSIR	Centre for Scientific and Industrial Research
CIDB	The Construction Industry Development Board
DFIs	Development Financial Institutions
DTI	Department of Trade and Industry
GMT	Graça Machel Trust
FNB	First National Bank
IDC	Industrial Development Corporation
IP	Intellectual Property
SEDA	Small Enterprise Development Agency
NEF	National Empowerment Fund
SEFA	Small Enterprise Finance Agency

SMMEs	Small, Medium and Micro Enterprises
TEF	Tourism Equity Fund
TIA	Technology Innovation Agency
UN	United Nations
WESA	Women’s Economic and Social Advancement Programme
WCW	Women Creating Wealth Programme

SECTION 5. INTRODUCTION AND LITERATURE REVIEW

Over the years, women-owned businesses have been increasing locally and globally (Welsh et al., & Forbes, 2013) with women moving into non-traditional and male-dominated sectors such as construction, engineering, manufacturing, etc. Despite this increase, women entrepreneurs encounter a myriad of challenges and obstacles in starting and growing their businesses (Sang & Powell, 2012; Chinomona & Maziriri, 2015) such as having poor access to markets, lack of access to finance to grow their businesses, lack of linkages to adequate support services (Harbal, 2012). Women continue to face various financial barriers not limited to lack of property ownership which is often used as collateral on loans required by financial institutions, stringent criteria applied by banks often impeding on women's ability to qualify for loans and when women can access credit, it is often awarded in smaller amounts without taking into consideration whether the finance will meet women's required needs. A study conducted by Derera et al. (2014) attests that funding for women-owned businesses are not usually sufficient for women to venture into non-traditional sectors, therefore women-owned businesses grow at a gradual level due to financing businesses from personal savings and loans from family and banks. Despite these challenges, women entrepreneurs in South Africa play a critical role in economic development through job creation, alleviating poverty and improving the standard of living (Akhalwaya & Havenda, 2012; Phillips, Moos, & Nieman, 2014).

Given the current COVID-19 global pandemic, businesses in South Africa continue to face many difficulties due to various precautionary measures implemented by the government to curb the spread of the virus. The country is comprised of a diversified economy with businesses operating

with the formal and informal sectors categorized as Small, Micro, Medium Enterprises (SMMEs) (Ede, Masuku & Jili, 2021). The SMME sector is the "most dynamic sector of the economy" (Smulders et al. 2012) with the sector generating employment between 50% and 60% across all sectors of the country's workforce and with the ongoing pandemic this sector is most likely to suffer enduring effects (McKinsey & Co, 2020). To address the effects of the pandemic, the government and financial sectors are expected to ensure continuous credit flow to businesses as part of the new economic recovery plan, however, this will depend on how effective and accessible this support will be for the SMME sector (RSA, 2020).

SECTION 6. RESEARCH METHODOLOGY

This study contributes to research on barriers to finance for women entrepreneurs in South Africa. This study aims to examine challenges in accessing finance for women entrepreneurs in South Africa by analysing women's experiences with various financial institutions.

6.1 Assumptions

The information gathered for this study included both primary and secondary sources. The findings are however mainly based on primary information gathered from the WCW entrepreneurs and representatives from financial institutions. For this study, the focus is on documenting women's experiences on access to finance and markets to expand and grow their businesses by looking at their experiences with applying for finance within a variety of financial institutions that range from commercial banks, government, venture capitals, angel investors, development funding institutions, and/or personal investors (i.e. friends and family), etc. For this study, access to finance relates to women's ability to access financial products such as loans, overdraft facilities, credit, etc. from various financial institutions to grow their businesses.

6.2. Research Approach

This study followed a qualitative approach comprised of literature review, data collection, online survey, focus group interviews, one-on-one interviews that capture the narratives of the study. Two different questionnaires were developed for the interview sessions. First; a focus group questionnaire was administered in which the study used a purposive sampling method focusing on

a cohort of women entrepreneurs who participated in the WCW programme at GMT. The WCW programme is a Pan-African enterprise development programme that aims to enhance women's entrepreneurial skills, build women's confidence with a strong focus on access to finance including investor readiness. Second, a different questionnaire was developed specifically for financial institutions' representatives where one-on-one interviews were held.

6.3 Data Collection Tools

The method of data collection for the research elements of this study was mostly based on communication through virtual interviews. This study was fully conducted virtually, all interview sessions were conducted using online meeting platforms such as Zoom as the main entity for most interviews. Additionally, the study made use of Microsoft Teams to interview women entrepreneurs and representatives from financial institutions. The study also launched an online survey adopting a more similar questionnaire to the focus group questionnaire, targeting specifically the same cohort of women entrepreneurs from the WCW programme.

Given that the data collected in this study comprised of qualitative data, the analysis was also done qualitatively. The qualitative data were video and audio recorded and transcribed to ensure the accuracy and precision of the transcripts. An analysis chart was developed through excel on Google docs. In total, the study interviewed 22 women entrepreneurs from the WCW programme in focus group interviews, a total of 8 representatives from financial institutions, and an overall number of 39 women entrepreneurs who participated in the online survey. The study exceeded the targeted 30 women it intended to reach with a total of 61 women who participated in the study.

6.4 Limitations of the Study

This study was not without its limitations, and a few are mentioned here. First, the source of measurement and analysis is based on personal accounts and experiences from individual women entrepreneurs. Due to the restrictions imposed by the Covid-19 pandemic, most work has been digitized with more people working from home.

6.5 Validity and Reliability

The analysis techniques can present a certain bias as the study focused on less than 100 participants which cannot necessarily be a reflection of women's experiences on access to finance in the whole of South Africa.

SECTION 7. KEY FINDINGS OF WOMEN ENTREPRENEURS IN SOUTH AFRICA

The key findings reflected in this report underwent a manually compiled thematic mapping process and are a representation of the collective feedback and inputs from the individuals who participated in the study.

7.1 Entrepreneur profile

Women entrepreneurs for the present study in South Africa are typically above the age of 35, they tend to occupy the Services and Trade sectors. Respectively, a total of 47.5% of the 39 women surveyed are between 35 to 44 years of age. See Chart 1(Q2) and See Chart 2(Q3)

Chart 1(Q2)

2. What is your age?
40 responses

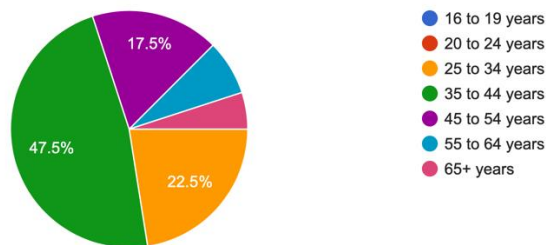
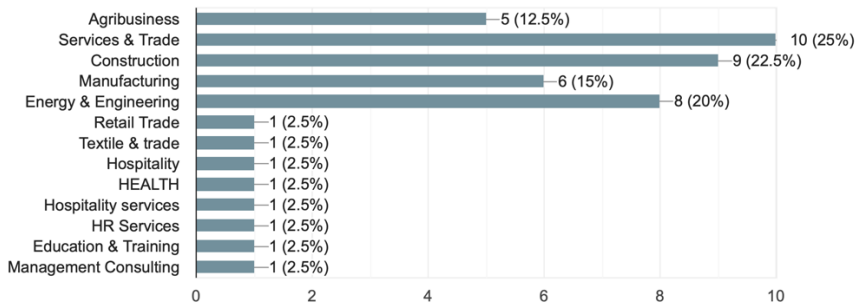


Chart 2(Q3)

3. What sector best describes the business/organization or the industry you work in?

40 responses



7.2 Business profile

The women entrepreneurs who participated in the survey are represented across a variety of sectors but represented more significantly in the following: Services & Trade (25%), Construction (22.5%), Energy & Engineering (20%), Manufacturing (15%) and Agribusiness (12.5%). The annual budget for a women entrepreneur is between R18,000 and R30 million. At least 92.5% of the 39 women have businesses that are located in Gauteng Province, 60% have been in business between three (3) to five (5) years, and 47.5% have (1) to four (4) employees. See Chart 3(Q4), Chart 4(Q5), and Chart 5(Q6).

Chart 3(Q4)

4. In which province is your business/organization located? (Please select all that apply)

40 responses

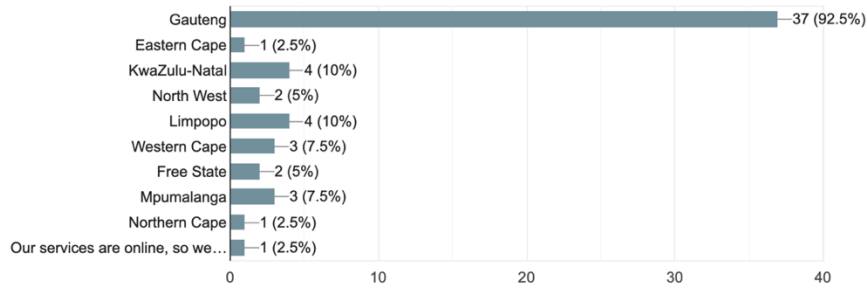


Chart 4(Q5)

5. How long has your business/organization been in operation in South Africa

40 responses

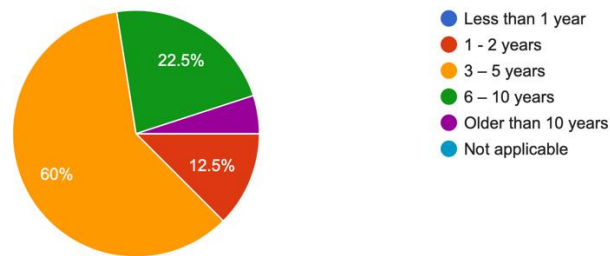
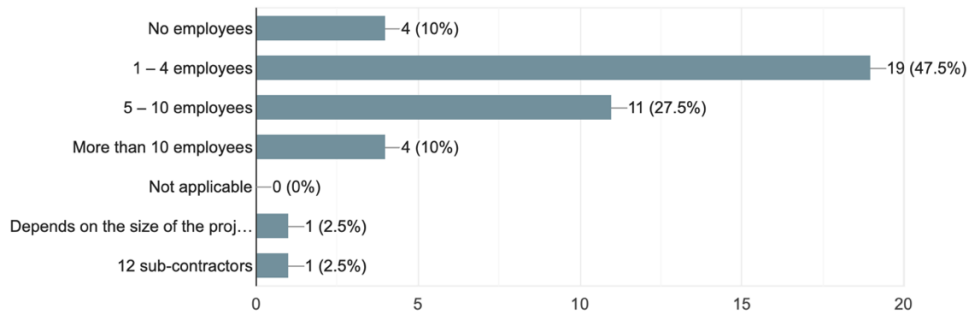


Chart 5(Q6)

6. What is your total number of employees?

40 responses



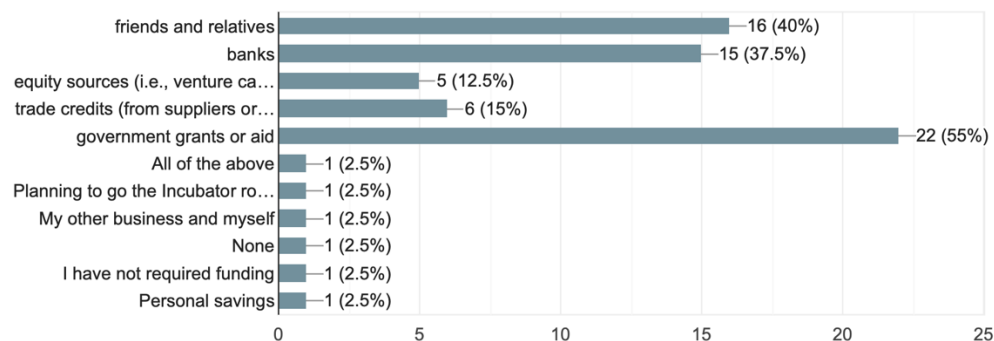
7.3 Applying for Finance

In review of the data collected from the 39 women who participated in the survey, the majority (55%) of the women turned to government grants or aid followed by friends and relatives (40%) and banks (37.5%). The women entrepreneurs tend to seek funding from trade credits (15%) and equity sources (12.5%) less frequently. See Chart 6(Q16).

Chart 6(Q16)

16. Please select the funding options that you turn to for financing? (Please select all that apply)

40 responses



Out of the 22 women who participated in the focus group discussions three (3) spoke to the government or a government grant agency as supporting the launch of their business. While

government grants and aid were a focal point for most women entrepreneurs, the experience applying was not always positive.

When the women were probed and asked more about their experience applying for finance, the majority did not have positive experiences. A number of the women spoke to their experience seeking government grants and frequently described the experience as *tedious, very tough, a scam because of the red tape, sketchy, putting a lot of constraints on small businesses, and difficult, never been easy*. The women explained a need for more understanding of their specific sector by government agencies. Two of the women entrepreneurs pointed out frustrations in explaining their industry to government entities. One entrepreneur explained how it took her three years to convince a government funding agency that agro-processing was part of agriculture. She explains, “I can say especially with the department that I went [to] they gave me a hard time especially because they didn’t see agro-processing as part of agriculture so it took me about three years for them to recognize that. (FG1:R5)” The disappointments connected to government grants were extensive and highlighted frustration points and turn-offs, “I tried to apply to the Government Agent X and the Government Agent X is set up to be a DFA developmental funding agency and when I applied I got rejected. In the rejection letter, I think four emails down that’s happening in staff, someone said that they had funded enough black people and that irritated me and never wanted to deal with the agency anymore... (FG4:R5).”

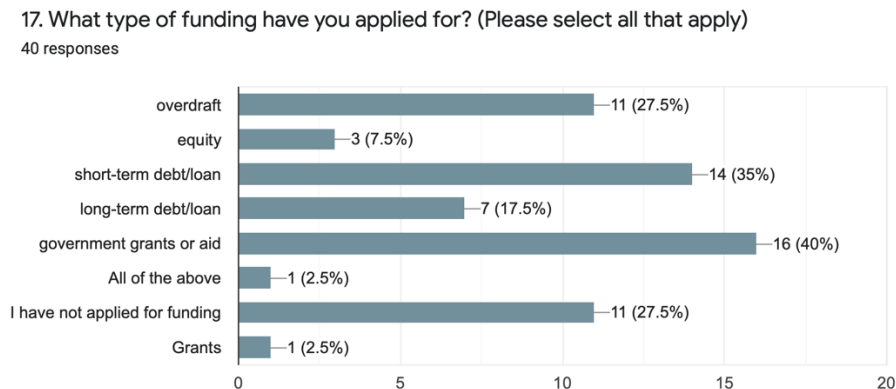
The experience with applying to banks was very similar. The women explained bank processes as *a bit cumbersome, very difficult, pretty tedious and complicated*. Some of the women felt discouraged by the bank processes and explained how having a history with the bank did not work in their favour but the bank used their banking history against them, looking for small problems to point out.

7.3.1 Type of funding

When probed as to the type of funding women applied for, the 39 women surveyed applied to various types of funding, respectively, *government grants* (40%); *short-term debt/loan* (35%); and *overdraft* (27.5%). Twenty-seven-point-five 27.5% of women entrepreneurs *have not applied for*

funding, seventeen-point-five (17.5%) applied for *long-term debt/loan* and seven-point-five (7.5%) applied for *equity*. See Chart 7(Q17).

Chart 7(Q17)



As for the women entrepreneurs who participated in the focus group interviews, their feedback was pretty well aligned with the women surveyed. The twenty-two (22) focus group participants explained *the process of applying for funding or finance* included: investing their own money, partnering with others, receiving funds from friends or an angel investor and or starting as the sole owner or proprietor. Women entrepreneurs can feel conflicted when making decisions to apply to finance, one entrepreneur describes how she does not depend on funding and value being self-sufficient, she explains, “the client pays us then we pay our strategic partner so that has helped quite a lot so we don't depend on funding (FG5:R4).” Women entrepreneurs tend to fund from their pockets because they do not feel supported or trusted by banks. Consequently, one entrepreneur highlights, “there is distinct distrust from banks on small businesses... so I just sort of set to get on with it and make sure that I make money through sales and... but banks are notoriously bad when it comes to SMEs and I don't think it's race-related FG4:R4.”

The women who participated in this study received between R0 – R3 million. The average range of money received fell between R50,000 and R500 000.

In short, when women entrepreneurs understand the benefits of applying for funding, they knock on the doors they believe will assist them on their journey to growth. When the women do not understand the processes and or are confused by the rules of engagement, they tend to turn to others or shy away from applying for finance. When they have had a bad experience and or feel unprepared to apply for finance -- they become creative, reclose and or opt-out applying to finance altogether.

7.4 Accessing Finance

"Women are natural nurturers so when they are in business they are sort of protective of their businesses and it makes it difficult for the finances or financial industry to fund our businesses because we do not have partners FG5:R4."

When it comes to challenges related to accessing finance, at least 50% of the 39 women entrepreneurs surveyed indicated a need for (1) *additional investor readiness strategies* and (2) *a need for additional investment literacy (i.e., supply and demand mapping/matching)*. Another 40% suggested (1) a need for more *understanding of investment trends* and (2) *preferred not to take loans or debts they did not know they could comfortably payback*. Thirty per cent (30%) of the entrepreneurs surveyed revealed the *scope of financial services is limited (e.g., I am a non-salaried worker and financing is limited or restricted)*. Twenty-seven-point-five per cent (27.5%) selected the *need for additional financial literacy*, 22.5% felt the *scope of financial services is limited (e.g., I am a low quantile worker and financing is limited or restricted)* and 20% felt they *lacked mentorship or mentoring*.

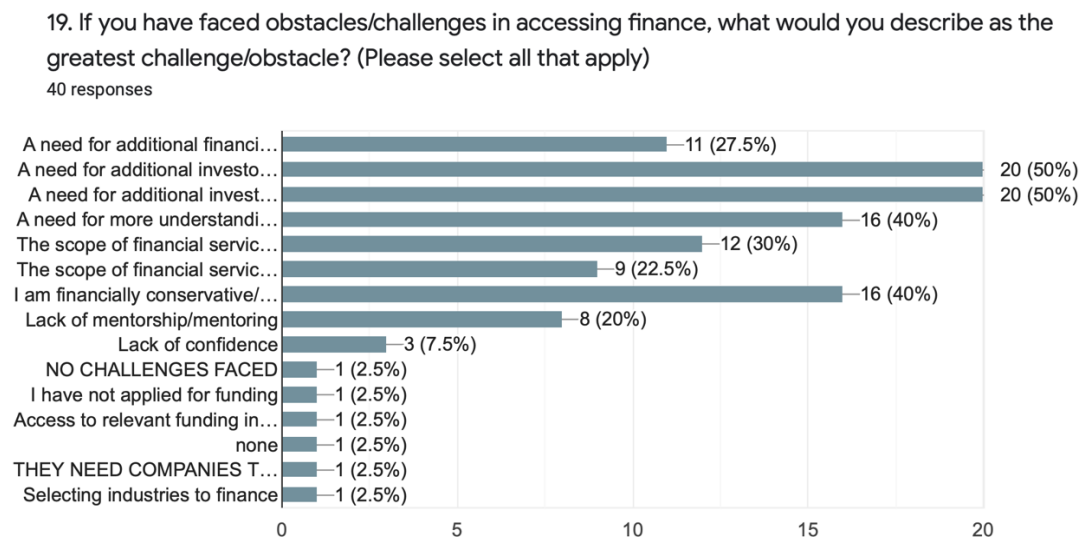
7.4.1 What are the costs

In a deeper dive and conversation with the twenty-two (22) focus group participants, the themes gathered through conversation pointed at four recurring challenges when it came to accessing finance. The women in the focus groups pointed out the following: (1) the cost required to access finance is too high, (2) the requirements are inequitable, (3) the turnaround to process the application is too long and (4) the black tax/burden of care comes as a significant cost. Specifically, the women spoke to the lack of technical support and in turn, the costs involved in

applying for and accessing finance. One focus group respondent points out her frustration in accessing funding led to *a loss of appetite* to apply for funding. She explains “I did not proceed with the application, purely because I didn't see why I had to pay someone for a grant that is supposed to be free and available.... The process was just flawed for me. And I kind of just lost appetite FG3:R3.” Similarly, another respondent hones in on the cost related to accessing finance, she points out the estimated cost associated, “I have to pay the middleman 3.5% to 5% if it is approved, and then you are still going to pay again another thing in which is interest-based... It just doesn't make sense to the business FG6:R5.”

When the women entrepreneurs surveyed were asked about the greatest obstacle and or challenge accessing finance, 50% of women entrepreneurs expressed *a need for additional investor readiness strategies (demand)* and a *need for additional investment literacy (i.e., supply & demand mapping/matching)*. Another 40% of women indicated *I am financially conservative/risk-averse and prefer not to take loans/debts that I am not comfortable knowing I can pay back* or a *need for more understanding of investment trends (supply)*. The remaining responses reflect a response percentage at 30% or lower. See Chart 8(Q19).

Chart 8(Q19)



7.4.2 Why women are declined

While the study showed several women entrepreneurs felt confident enough to apply for finance, a handful of women were declined. Seventeen (17) responses were collected from the women surveyed. Among the feedback offered by the women, they described rejections based on dynamics related to equity, misalignment, bank history or records, and financial discrepancies. Misalignment was noted most frequent among both women surveyed and the focus group participants. For women entrepreneurs, misalignment was typically noted as a missed match between funder and grantee. Five (5) women entrepreneurs felt they were declined for funding due to their business being out of alignment with the interests of the financial institution.

7.4.3 Equity

In further conversation concerning cost, equity was further discussed. The women entrepreneurs pointed out how accessing government funding is a challenge because the government does not fund at 100%. Within the context of the conversation, equity represented the amount of funding required for a funding grant to be released. Government funding tended to reflect more downsides to cost. For example, one entrepreneur explains, “they will fund you 80% but they will ask you to put down twenty per cent (20%) and you may still struggle to get the twenty per cent (20%) FG2:R4.” The women struggled with having been granted funding but were unable to access the money due to the inability to raise the remaining capital needed.

7.4.4 Intellectual property at risk

The women also highlighted the cost of their intellectual property at risk, “what they want from the government side is like tricky... it's giving away your internal unique value proposition FG6:R6.” The women suggested putting in place protections when applying for funding, “[put in place an] IP protection... maybe to take your ideas from being stolen when you go to apply for the funding FG1:R6.” Furthermore, the women expressed scepticism and negative experiences with applying only to learn their application and in turn concept was stolen or shared with a competitor. Respectively, one entrepreneur alludes, “when your [application] is ready to be submitted, you find out that your take [application] was submitted before FG2:R4” and another laments, “I’m

traumatized... I feel like I'm being used. They get your entire business plan. You feel like your actual concept was stolen or shared with someone else who took it and made it theirs FG1:R5."

7.4.4 Lead time

Concerning turnaround, the women entrepreneurs explain the process takes too long. The women entrepreneurs suggest the application process be changed, specifically the requirements to reduce the time management for both the prospective grantee and the grantmaker. Respectively, the women entrepreneurs suggest "it's very technical there's a lot of constraints that make it slower FG2:R3" and "my biggest concern was that the length of time that it took and sometimes requirements FG2:R5." The women entrepreneurs who responded to the survey indicated on average a one (1) to two (2) month lead time (26%) or three (3) to six (6) weeks lead time (21%). Seventeen per cent (17%) of the women entrepreneurs indicated that lead time was not applicable. All the remaining responses reflected an insignificant response percentage of lower than 17%.

7.4.5 Black tax and burden of care

Lastly, but of equal importance is the conversation had on *black tax and the burden of care*. In addition to the responsibilities of running a business, women entrepreneurs are often in a position where they are key breadwinners for their families. This in turn often puts women entrepreneurs in an economic position where they are expected to provide for both their immediate and extended family members. One of the focus group participants describes the surmounting responsibilities of a women entrepreneur, "so this woman is expected to develop the product, make it, sell it, market it, do administration and do the actual product development and still go home and cook. I feel like the system needs to be aware of the obstacles and the challenges that face women predominantly and look at the systems and programs look at the ways to cover the needs of women in South Africa, especially FG4:R5." To further the point, another women entrepreneur states "helping children at the same time having parents who are financially dependent on you is a huge burden for women entrepreneurs FG4:R6."

7.4.6 How women approach and access finance by Sector

Women entrepreneurs in the construction sector seemed to reflect a more assertive approach in access to finance. They expressed more activity in seeking finance from the various financial sectors and reflected a more in-depth experience in terms of soliciting financial support. They solicited finance from commercial banks, petitioned equity sources and applied for government grants. Consequently, women entrepreneurs representing the construction sector more frequently stated how they faced situations where they felt scammed or taken advantage of. They tend to reflect greater access to the financial institutions and were able to easily make a case to the government when it came to accessing finance.

Women entrepreneurs in the service sector, on the other hand, emphasized how they experienced the greatest challenge accessing funds because there was a lack of knowledge within the government sector for their product, service or resource. The lack of knowledge often left the ladies feeling lost in a conundrum and unable to gain support for the specific business they were attempting to grow and or create.

7.5 Baseline Assessment of the Women Creating Wealth (WCW) Cohort and Perceptions of Investor Readiness

The study set out to assess perceptions of investor readiness and determine a baseline or diagnostic of the women entrepreneurs. The survey made use of the Level of Focus (LoF) Scale of which there are five (5) response categories used to measure perception. See Table 1, LoF Scale.

Table 1. *LoF Scale.*

<p>Level of Focus (LoF) Scale</p> <p>5 = not a focus area because <u>we are satisfied</u> with our achievement in this area,</p> <p>4 = we <u>have implemented steps</u> to address focus area,</p> <p>3 = <u>we have developed plans or ideas to work on this</u>, but they have yet to be implemented,</p> <p>2 = know we should work on this, but <u>we lack the time or resources</u>; and</p>
--

1 = not an area of focus at this time.

The survey included three questions that focused on investor readiness, specifically; (1) *how would you rate your investor readiness profile*, (2) *how comfortable are you with pitching your business to an investor or financial institution*, and (3) *how would you rate your investor readiness profile as it relates to business competencies*.

7.5.1 Perceptions of investor readiness

In the review of perceptions and as it relates to the entrepreneurs' rating their investor readiness profile, the survey results revealed 40% of the women entrepreneurs felt they had *developed plans or ideas to work on their profile*. Another 20% of entrepreneurs indicated they *lacked the time or resources*, 15% *have implemented steps*, 15% *are satisfied with their profile*, and for 10% investor readiness was *not an area of focus*. Overall, the group of women entrepreneurs surveyed was significantly engaged in developing their investor profile. A collection of the responses reflects 70% of entrepreneurs are positively engaged in succeeding in the task (i.e., 40% *developed plans or ideas to work on their profile*, 15% *have implemented steps* and 15% *are satisfied with their profile*). See Chart 9(Q22).

See Chart 9(Q22)

22. How would you rate your investor readiness profile?

40 responses



As it relates to the level of comfort in pitching their business, the survey revealed women entrepreneurs are actively engaged in this activity. The responses reflect (37.5%) of women entrepreneurs *have developed plans or ideas to work on their profile*, (32.5%) *have implemented steps* and 17.5% *are satisfied* with the task (i.e., pitching their business). A smaller set of the women indicated the lack of engagement or focus, specifically, 10% indicated they *lacked the time or resources* and an even smaller per cent selected the activity was *not an area of focus*. The collective results reveal the women entrepreneurs are actively engaged and moving in a positive direction to accomplish the investor readiness task in question. See Chart 10(Q23).

Chart 10(Q23)

23. How comfortable are you with pitching your business to an investor or financial institution?

40 responses

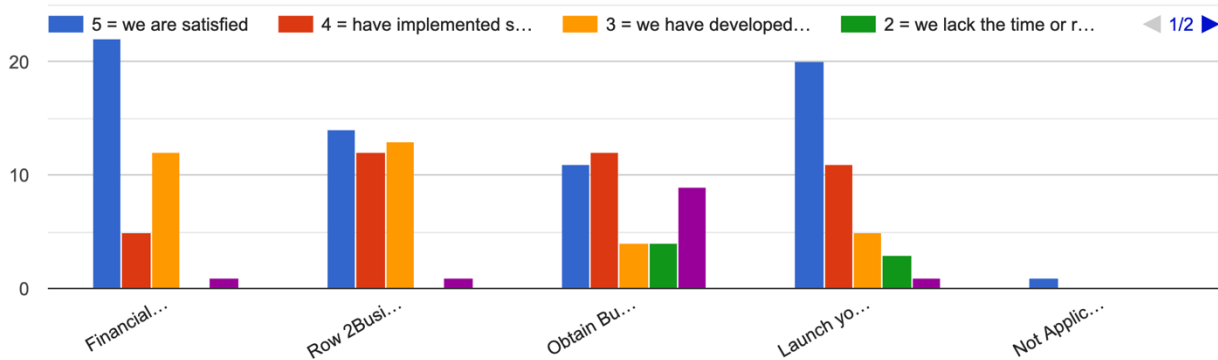


The additional question related to perceptions of investor readiness was a loaded question and inquired on various aspects of the entrepreneurs' perceptions related to business competencies. The women entrepreneurs were asked to rate their investor readiness profile across four key business competencies – i.e., financial records (e.g., VAT ID and bank account), business structure/compliance (e.g., licenses, permits, certificates, business plan, fundraising plan), business insurance, and business launch/marketing (i.e., business pitch, logo, website).

In terms of the perceptions of investor readiness related to financial records, 22 of the 39 women surveyed are satisfied with their financial records. Twelve (12) of the women *have developed plans or ideas to work on financial records* and five (5) *have implemented steps*. As it pertains to business structure and how the women perceived their business readiness, the responses were pretty evenly spread, 14 out of 39 women entrepreneurs *are satisfied* with their business structure, 13 *have developed plans or ideas to work on financial records* and 12 *have implemented steps*. In terms of obtaining business insurance, the responses varied. Twelve (12) *have implemented steps*, eleven (11) women *are satisfied*, and for nine (9) entrepreneurs it is *not an area of focus*. The remaining eight respondents were split between *lack the time or resources* and *have developed plans or ideas to work on* or obtain business insurance. Perceptions around business launch and marketing were the final competency. Here again, a significant number of women, twenty (20), indicated they *are satisfied*, eleven (11) *have implemented steps*, five (5) *have developed plans or ideas to work on* their business launch or marketing and three (3) *lack the time or resources*. In summary and based on the key business competencies in question, women entrepreneurs' perceptions of their business competencies are positive. Overall, women are actively engaged in and or have incorporated investor readiness practices within their business operations. See Chart 11(Q24).

Chart 11(Q24).

24. How would you rate your investor readiness profile in the following areas: (If you operate a nonprofit or not-for-profit, please select Not Applicable)



7.5.2 Diversification.

In terms of diversification and business development activities post the WCW training, women entrepreneurs commented that their business development approach was in a state of exploration or expansion. Ten (10) out of the 27 women who responded to the survey answered “yes” they had diversified their business and six (6) responded “no” to the question. The majority of the women who reacted to the question described how they expanded their business scope by way of product, services, partnerships and or collaborations. The second most frequently indicated diversification strategy spoke to exploration. Several women explained how they began to or were in the process of exploring new opportunities based on the knowledge learned during the WCW training.

7.5.3 Confidence measures.

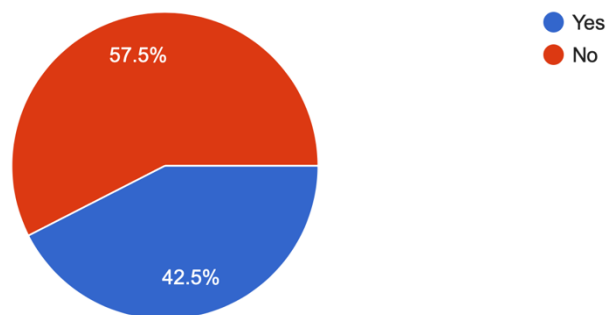
To briefly touch on confidence measures, the study borrows from the LoF perception indicators to examine action steps taken by the entrepreneurs. More importantly, the study examines levels of confidence based on the entrepreneurs’ actions or level of activity in terms of pursuing finance. That said and in the review of the questions that made use of the LoF scale, the data reveals that women entrepreneurs are taking action to access finance. The women entrepreneurs are receptive

to the action steps recommended by the Women Creating Wealth program. However, when asked more directly about their activities accessing finance the data shifts.

The study takes it a step further to examine confidence measures. The women entrepreneurs are asked two additional questions to further define their confidence and investor readiness activity. The women entrepreneurs were asked if they have *applied for finance/funding for their business post their participation in GMT/WCW pieces of training*. A significant per cent (57.5%) responded “No” they have not applied for finance or funding. The remaining (42.5%) entrepreneurs surveyed responded “Yes” they have applied for finance or funding. See Chart 12(Q12). Additionally, the women were asked *the number of funding institutions they applied to in total*. Of the 24 women who responded, six (6) entrepreneurs indicated they applied to five (5) funding institutions, four (4) applied to three (3) institutions and the remaining fifteen (15) respondents applied to (2) or less funding institutions. The number of women who applied for finance was not significant, hence, their confidence as it relates to investor readiness is on a slow but steady trajectory. As it relates to confidence and investor readiness reflected via the women surveyed, there is room for improvement. More importantly, the results show there are opportunities to further investigate and operationalize confidence measures in future studies.

See Chart 12(Q12)

12. Have you applied for finance/funding for your business post your participation in GMT/WCW trainings?
40 responses



7.6 Best Practices: The Strengths of the Women Creating Wealth (WCW) Enterprise Development Program

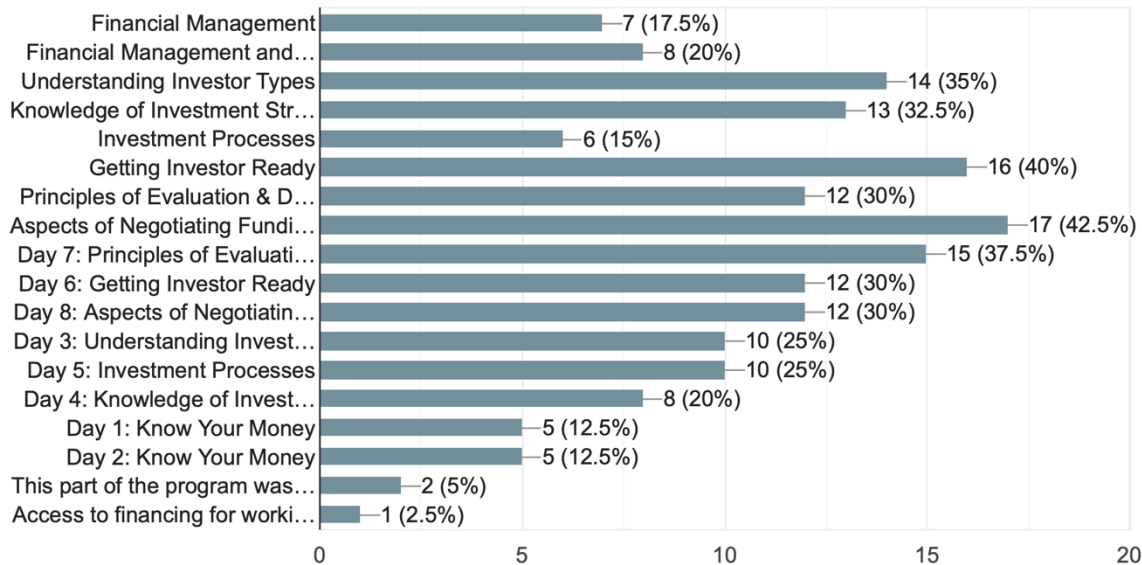
The women entrepreneurs shared a host of positive reflections related to the WCW Program. In short, the entrepreneurs shared only positive experiences gained from WCW. The comments reflected gratitude and in some cases pointed out business development improvements the entrepreneurs were enabled to implement post their participation with the WCW program. The comments included, "...the WCW programme was amazing for me FG1:R6," and "we've got goals now, then we never had goals, we never had a vision. Being on Graça Machel Trust, last year, has helped us a lot it has helped us to draw up goals to refine them and to have a purpose of what we are doing and what is it that we want to achieve FG2:R4" Points of gratitude were also reflected on the survey, one respondent expressed her appreciation, "I am grateful and blessed for my journey with GMT and all the support and knowledge shared SR5:Q29." Others acknowledged and appreciated the staff, "we are always pestering you guys but it is out of not only frustration we are banking on you to help us, to make it possible for us to have contacts and gain traction in other countries FG6:R6."

As to WCW pieces of training, the women entrepreneurs found most impactful or likely to help them succeed, 42.5% indicated *Aspects of Negotiating Funding & Introduction to the Investor* as the most useful training module. Forty per cent (40%) identified with the *Getting Investor Ready* module followed by *Principles of Evaluation & Due Diligence* (37.5%), *Understanding Investor Types* (35%), and *Knowledge of Investment Structures* (32.5%). The remaining modules received at 30% or lower response and are listed in Chart 13(Q9).

Chart 13(Q9)

9. What training components of the WCW training will help you to be successful in the future?
(Please select all that apply)

40 responses



One focus group participant affirmed, “we had all the relevant modules in the WCW programme and the last one was very detailed. We received amazing inputs on funding readiness, we had the opportunity to engage with BLM and other funders. It was a solid module, and now it is only a matter of applying what we learned FG5:R3.”

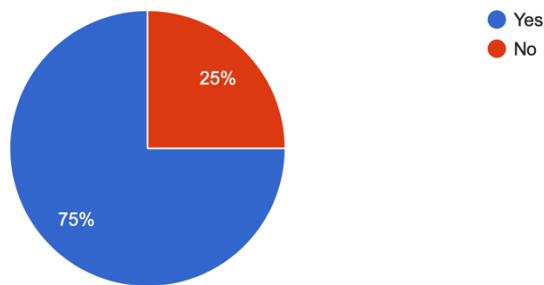
7.7 Navigating COVID-19

The study explored the experiences of women entrepreneurs concerning the Covid-19 pandemic. Specifically, the study asked women entrepreneurs if they were *aware of Covid-19 economic recovery packages*. Respectively, seventy-five per cent (75%) of women entrepreneurs were aware and twenty-five (25%) were unaware of Covid-19 economic recovery packages. See Chart 14(Q26). The women were asked to further describe their experiences in terms of *obstacles and or benefits in accessing Covid-19 recovery packages*. The survey responses tended to reveal a negative experience in applying for Covid-19 funding. Five (5) out of the 26 women explained how they did not receive a response after they applied for funding, five (5) had a lack of interest

or need to apply, and four (4) were speculative – blaming fraud, nepotism, favouritism or big business. Three (3) of the twenty-six (26) respondents expressed a lack of knowledge or understanding and or internal obstacles or shortfalls within their business when it came to accessing Covid-19 funding. The remaining responses reflected experiences where the women were approved, excluded and later declined.

Chart 14(Q26)

26. Are you aware of economic recovery packages that have been put in place in response to COVID-19?
40 responses



The women entrepreneurs who participated in the focus group interviews shared similar experiences and corroborated what the survey findings revealed in terms of Covid-19 experiences. A slightly lower percentage of women entrepreneurs expressed awareness of Covid-19 funding sixty-three per cent (63%) or fourteen (14) out of the twenty-two (22) entrepreneurs interviewed. Four (4) of the women received funding allocated for salary support and two (2) benefited by not having to pay VAT and receiving a discount on rental fees. Two (2) entrepreneurs explained how they did not see the need for assistance; thus they did not apply and two (2) applied but were not funded. The remaining four (4) chimed in on the discussions around challenges. Similar to the women entrepreneurs surveyed, the focus group respondents reiterated challenges related to criteria (i.e., too lengthy), requirements (i.e., too many requirements), slow turnaround or response and corruption. The entrepreneurs also shared a list of concerns that they encountered when they investigated the application process. One respondent suggested “*the application process was over*

inundated with applications, there was little money and not enough for all businesses, targeted small businesses with collateral and the criteria did not apply to smaller businesses and or was specific to provinces. FGX: RX”

When more deeply probed on how Covid-19 economic recovery packages might be made more gender-inclusive, eleven (11) of the twenty-nine (29) women survey respondents believe a targeted strategy that puts women at the centre is necessary. The women entrepreneurs stressed the importance of *selection criteria that is sensitive to womens’ realities* – e.g., easily accessible, the transparent application process, tailored requirements that consist of less paperwork and an extended application period. Additionally, the women suggested there is an opportunity to learn the statistics – i.e., survey women to identify funding gaps, identify statistics on vulnerabilities women encounter during a crisis and refine application criteria. The women repeatedly reiterated less paperwork and more tailored requirements. In particular, the women entrepreneurs recommend targeted funding for women businesses across all sectors.

Overall, women entrepreneurs were informed on Covid-19 economic recovery packages and funding sources. Many entrepreneurs benefited however, the process of applying came with a list of challenges. When asked to reflect, the women who participated in the study were sceptical of funding sources, have encountered negative experiences when applying for funding and in turn have developed speculations around corruption, fraud, and big business which may obstruct their engagement when it comes to accessing future economic recovery funds.

7.8 Technical support

Twenty (20) out of thirty-nine (39) women surveyed shared a response connected to technical support. Eleven (11) out of the thirty-nine (39) women surveyed stated they received technical support from a funding institution outside of the WCW Enterprise Development Program. Six (6) of the entrepreneurs indicated no support and three (3) replied not applicable. As for the type of technical support, the responses varied. In general, the technical support focused on three (3) areas: business development, financial and administrative supports.

As for business development, the technical support focused on funder readiness competencies (e.g., how to be investor-ready and a workshop focused on developing a pitch deck). For the technical support within the financial realm, the support included a private banker, transitional advisors and assistance with banking profile. In terms of technical support with administrative tasks, the women mainly pointed out how they were assisted with document uploads and or application processes.

In terms of training outside of the WCW program that has been impactful, the list varied. Twenty-eight (28) out of the thirty-nine (39) women surveyed had previously participated in other training. The institutions or programs that provided technical support are listed in Table 2, Financial Institution Supports.

Table 2. *Financial Institution Supports.*

Financial Institutions offering technical support	
Investec Start Up School	VUKUPHILE Incubation
Business management (petroleum industry)	P&G Women Entrepreneur Programme
Sales Guru	DTiC export market
Startup Bootcamp Investec	Poultry management
African Woman Innovative and Entrepreneurs Forum	Transnet Enterprise Development at Gordon Institute of Business Science University of Pretoria
Business development (Transport)	Lionness of Africa
Industry training	Graduate School of Business (GSB) University of Cape Town SME's Programme
APSO (Popi Act, Labour Law)	Harvard Africa Live: Entrepreneurship in Emerging Economies

7.9 Future trainings or refresher courses

As it relates to future training and refresher courses, women entrepreneurs who participated in the focus group interviews echoed the need for more training focused on financials. Women entrepreneurs were particularly interested in improving their financials. Hence, Table 3, Future training outlines training or refresher courses the women entrepreneurs deemed beneficial.

Table 3. *Future training.*

Recommended training or refresher courses	
Financial <ul style="list-style-type: none"> • Financial literacy • Financial management • Investment 	Business development (foundational training on running a business)
Access to market / understand access to market requirements	Risk management / Risk assessment
Quotations and Standards (ISO standards)	Contracts
Business legalities	

7.10 Opportunities

The women were asked to speak on what was missing and or share anything that they want to add to the conversation on funding readiness and access to finance. Both women entrepreneurs who participated in the survey and focus groups spoke of the need for an online database with a list of funding opportunities. The database could include funders, grants, application information and a list of strategic investors. One entrepreneur succinctly puts it, “it would it be beneficial to be pointed in the right direction in terms of funding. Who are the funders within the sector and also just merely gathering you know what are some of the requirements FG1:R4.” Additionally, the women pointed out the need for additional research on the funding value chain and the funding gap experienced by businesses in the early stage of business development.

"The questions related a lot to the entrepreneur and what they have done but some issues in the funding landscape related to risk appetite and an incomplete funding value chain, e.g., many

DFIs operate with a low-risk appetite and sometimes provide funding terms similar to the bank which should be a funder of last resort and when an SME is mature. The early-stage funding space with a higher risk appetite is limited. Government funds are inefficient and angel investors are very network and acquaintances driven so if they don't know you they don't invest in you. Venture capitalists (VCs) claim there aren't many pipelines for investment due to their higher risk appetite so SMEs looking for early-stage funding struggle to get themselves to a place where they are a candidate for VC funding as no one offers funding in those true early stages when there is little to show. SR15:Q29"

Short-term loan offerings were also discussed as an area needing more exploration. Specifically, one focus group participant suggests "so a recommendation would be having loans that are available for a shorter period, so one to five months, six months maximum FG6:R5." Additionally, incubators, specifically in the renewable energy sector, were pointed out as an opportunity for leveraging women enterprises. The women also spoke to incentives and finding ways to support WCW hours vis a vis providing a voucher to participants for business development.

In general, women entrepreneurs stressed the importance of future research to identify funding gaps and vulnerabilities women encounter during a crisis. Women entrepreneurs consistently reiterated the need to refine application criteria. In particular, *selection criteria that are sensitive to womens' realities* – e.g., easily accessible, transparent application processes, tailored requirements that consist of less paperwork and an extended application period.

7.10.1 Access to market

To touch briefly on market access, when the women entrepreneurs were probed on experiences with access to market -- six (6) of the twenty-two (22) women who participated in the focus group interviews commented. Four of the women spoke to positive experiences or outlook as it related to access to market and two (2) shared negative experiences. One entrepreneur shared how Covid-19 helped her to pivot and go 100 per cent online, she explains " I have been able to access new markets that I did not have access to before so in a way, Covid has been a blessing in disguise FG4:R4." While a shortlist of women shared their positive outlook or experience with market

access, others found market access to be a major challenge. One respondent insisted market access is about association or relationships, she describes, "you will have to associate to be associated with, and if you don't you are unlikely to get a really good business that is sustainable FG6:R6." In short, women entrepreneurs with positive experiences accessing market typically perceived the market based on their networks or people they had access to. Entrepreneurs with a negative experience viewed the market as an uncharted territory or an entity existing outside of their networks or relationships.

SECTION 8: CONCLUSIONS AND RECOMMENDATIONS

In conclusion and more importantly in summary of the observations gained from the various sources who contributed to this study it is important to reflect on the evidence of how women entrepreneurs are navigating the financial landscape in South Africa. When it comes to accessing finance, women entrepreneurs gave evidence that they were not provided with the best guidance. They also expressed confusion in how best to navigate and access finance across the various funding sectors. Specifically, the women were unclear in how to succinctly ask for the products, services or resources within the specific sector they were requesting funds for.

Women entrepreneurs highly value self-sufficiency. Women entrepreneurs spoke of “bootstrapping” as a way of starting their business with minimal structure and know-how and or with little understanding for the sector where their businesses are positioned. A significant number of women who participated in the focus group interviews used their capital to start their business. Quite frankly, the women suggested they preferred to stay out of debt and turning down a loan they were not comfortable paying back under terms that they could meet. When they did seek out funding sources they frequently turned to government grants.

In summary, women entrepreneurs view application processes as a formality and perhaps a way for businesses and government to meet mandates or quotes as well as a way to dismiss those who apply as not being qualified and or able to meet the standards or requirements. Women entrepreneurs often described their experience accessing government funding with scepticism. The women often echoed the process of applying for finance as tedious, unclear and inaccessible.

Women entrepreneurs repeatedly emphasized how government institutions were difficult because of the requirements. As for positive encounters where government funding was secured, the women entrepreneurs frequently spoke of the experience as a breakthrough and an opportunity that allowed them to scale their business.

8.1 Recommendations and opportunities for Stakeholders to better engage women entrepreneurs

Women entrepreneurs are determined to succeed, open to learning and see the process of building a business as a journey and practice that can be refined and perfected daily. As a path forward, partners and advocates are encouraged to develop strategic ways to improve application processes and accessibility. To become better partners, banks are encouraged to design new ways to assess the full scale of women entrepreneurs including track record, entrepreneur profile and how women in business manage to pay debts, overheads and suppliers. Government funding agents are encouraged to become better versed on products, services and resources within the sectors in which women entrepreneurs are playing in.

Further research is also needed to advance greater advocacy for the needs of women entrepreneurs. Specifically, there is a need to identify funding gaps and vulnerabilities women entrepreneurs encounter during a crisis and there is always a need to better define and understand confidence measures as they related to investor readiness and access to finance.

SECTION 9: KEY FINDINGS OF FINANCIAL INSTITUTIONS

In addition to conversations with women entrepreneurs, representatives from the financial institution were also invited to share insights on the supply and demand challenges they find women entrepreneurs face most frequently. The three themes evolved throughout the conversations shared with financial institution representatives, specifically (1) the commitment level of women entrepreneurs, (2) networks, and (3) business acumen concerning financial literacy. While the themes highlighted may not come as new information, the specific tenets that

the financial representatives honed in on provides a bit more nuanced as it relates to the challenges women entrepreneurs encounter when seeking finance.

9.1 Key findings and feedback from Financial Institutions

In terms of commitment, financial institution representatives pointed out how women entrepreneurs often demonstrate a lack of commitment to their product, service and or business concept. Women entrepreneurs may have a product, service and or concept but when asked the hard questions and or encouraged to go deeper to define their concept they can show the lack of commitment to the product, service and or concept. More importantly, women entrepreneurs often have multiple businesses or *side-hustles* going at the same time which can make it difficult for them to dedicate their time, focus and effort to growing just one business. The level of commitment to which women entrepreneurs are willing to walk out their proof of concept is often demonstrated in a way that reflects a lack of confidence and thus, financial representatives are unable to advocate strongly on behalf of some of the women entrepreneurs that come to them.

Another area of improvement is networks. Financial representatives pointed out how women entrepreneurs lack in various degrees when it comes to networks. Women entrepreneurs are often not successful in securing finance because their socialization is limited and often not firmly in place among the circles where they need to have built a reputation. One financial representative points out that it can be “smoother for those known in the industry it - becomes easier, however, [those who are in the industry] tend to be men FI R6.” More importantly, “it takes time to build up these networks” and at times women are not playing in the spaces and or invited to play where they can strengthen their network. FI R6

As it relates to financial literacy, financial representatives spoke to several nuances specific to business acumen. Financial literacy was operationalized in some ways. Financial representatives emphasized how critical it was for women entrepreneurs to know the language spoken among dealmakers. Another representative unpacked financial literacy about equity and risk alignment. The financial representative explained the importance of women entrepreneurs "having skin in the game and alignment in business and behaviour... both as something at risk FI R6.” In another example, a representative pointed out how women entrepreneurs are “not be able to speak to the

deal makers in the way an investor [is] be able to buy into the business it becomes a problem FI R3.” Women entrepreneurs have not been a part of the investment universe and “this is a key impediment” FI R6.

As for recommendations, women entrepreneurs need to be clear and confident in their business model and willing to go the extra mile to advocate on behalf of their business regardless of product, service or concept. Women entrepreneurs need to put themselves in spaces where they can interface with networks and build a reputation in the sector. When women entrepreneurs are not invited to the table to play among networks -- women need to create their own spaces to play, collaborate and disrupt network behaviours that are not women-centric or providing avenues for women to leverage their businesses. As women advance their exposure within networks they are in a better position to learn the language of the sector. Women entrepreneurs are strongly encouraged to learn the language of dealmakers if they are to occupy a seat at the investors' table.

9.2 Recommendations from Financial Institutions

Representatives from financial institutions revealed that women entrepreneurs often undersell their business or “do not want to be seen as asking for *too much*” FI R2. Financial representatives have also found a greater need to probe women entrepreneurs more frequently and ask for more information. They pointed to the need for probing as an impediment to women entrepreneurs’ access to finance. More importantly, they pointed out how for men it is pretty much the opposite. Men ask for what they need and are seen as more thoughtful and making sure their “ask” clearly aligns with the investment opportunity. As a recommendation going forward, financial representatives strongly encourage women entrepreneurs to ask for what is needed, to be clear about the “ask” and how it matches or aligns with the investment opportunity.

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