

CONSOLIDATING THE ENABLING ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP

In brief. The Women20 Entrepreneurship Working Group calls on G20 Leaders, Finance Ministers, and Central Bank Governors to adopt a common, priority-ordered standard for the enabling environment for women's entrepreneurship – consolidating the instruments the G20 and its multilateral partners have already developed into a single framework, reported annually to the Finance Track and tracked by twelve master metrics.

WHY THIS MATTERS

For nearly two decades, the institutional case for reforming the conditions under which women's enterprises are formed, financed, and grown has been assembled by United Nations agencies, multilateral institutions, development banks, and the Group of Twenty itself. The evidence is not contested.

The objective is incremental gain from today's baseline, not parity, but the scale of the opportunity is large. Closing gender gaps in labor-force participation and working hours could raise gross domestic product (GDP) per capita across the OECD by 8.8 percent by 2060 (OECD, 2025). Closing the gender gap in entrepreneurship alone is valued at 2 to 6 percent of global GDP, roughly \$1.6 to \$5 trillion, on two independent estimates (Citi, 2022; BCG, 2019).

The near-term prize is concrete: women-owned firms in the Republic of Korea recorded about KRW 629 trillion in sales in 2024, up 22.1 percent year on year, and the Women Entrepreneurs Finance Initiative (We-Fi) has facilitated approximately \$7.8 billion in co-financing for 621,000 women-led small and medium-sized enterprises (SMEs) across 81 countries. The OECD estimates there could be approximately 24.8 million more women entrepreneurs across the OECD area – roughly 70 percent of all “missing entrepreneurs.” The case rests first on what women entrepreneurs already deliver, and on reasonable, achievable growth targets – not on the upside figures alone.

THE CHALLENGE

What has never been produced is a single, common G20 standard that draws these instruments together, ordered by demonstrated priority, and reported annually under one accountability framework.

Each instrument establishes a standard within its own domain – ISO/IWA 34:2021 on definitions of women-owned and women-led businesses, the OECD-We-Fi methodology on gender-disaggregated data, the OECD Recommendation on Public Procurement (2015), and the WE Finance Code on financial-sector reporting – **yet no policy binds the others, and no common framework requires their adoption or consolidates their reporting.**

The measurable cost of women's exclusion from finance is substantial. Women-owned micro, small, and medium enterprises (WMSMEs) are about one-third of MSMEs by number in developing countries, and the financing gap attributable to them is estimated at \$1.9 trillion in the markets the IFC measures – 34 percent of the total gap by value.

This shortfall sits within an even larger financing constraint: the World Bank Group and IFC estimate the total MSME finance gap in developing economies at \$5.7 trillion (2019 data, 2025 update), equal to 19 percent of GDP.

Women own just over 30 percent of the world's formal, registered businesses (World Bank, 2017), yet earn less than 1 percent of what large corporations and governments spend on suppliers – an estimate first published by WEConnect International in 2017 and since adopted by the World Bank and the IFC. On public procurement specifically, the International Trade Centre puts the figure at 1 percent. Where it has been measured directly the picture is better but not different in kind: across fourteen Kenyan corporations studied by the IFC, women-owned businesses received 3 percent of procurement spend. Informality compounds this disadvantage: the ILO's modelled estimates put about 58 percent of employed women worldwide in the informal economy, where limited registration and weaker legal protections can restrict access to finance, market information, and business-support systems.

The evidence also challenges conventional perceptions of women's credit risk. IFC reports that women are valuable banking customers and have **lower nonperforming-loan ratios (3.6 percent for women-owned SMEs against 3.8 percent for overall SME portfolios in 2024, and lower in every year since 2017)**; this indicates that financial institutions should reassess risk assumptions and expand appropriately designed lending to women entrepreneurs.



The Framework advances six recommendations – two foundational, then four ordered by priority.

1. **Adopt common definitions** of women-owned and women-led business aligned with ISO/IWA 34:2021, so firms can be identified, compared, and served.
2. **Create a gender-disaggregated data architecture** covering participation, size, financing, procurement, exports, and digital adoption.

The remaining four build upon these first two foundational elements, in the order the evidence dictates:

3. **Open procurement and trade markets, public, state-owned, and corporate – moving women's share from about 1 percent toward 3-5 percent.**
4. **Close the financing gap** with risk-sharing, collateral reform, and a missing-middle capital ladder.
5. **Bundle capital with capacity, capability, and responsible AI** – because the evidence shows capital alone delivers weaker and less durable results than capital combined with capability-building, while responsible AI remains an emerging component for validation.
6. **Connect the enabling ecosystem** of care, registration, finance, markets, data, and fair rules so that viable businesses survive and grow.

WHAT GOVERNMENTS SHOULD DO – THE ACCOUNTABILITY MECHANISM

Governments adopt twelve metrics that turn the six recommendations into measurable results, tracked from the Phase 1 baseline (2027-2028) and set out in full in the Framework. Results are consolidated in an annual Global Partnership for Financial Inclusion (GPFI) enabling-environment assessment, operational by 2027 and reported to the Finance Track.

Three results are due by 2028: women's procurement share moving from about 1 percent toward 3-5 percent; gender-disaggregated MSME lending in supervisory reporting by 10 national G20 members, rising to 19 by 2036; and a baseline for women-owned firms' use of AI in core business operations. Today the most relevant baseline for gender comparison is U.S.-based paid AI-service adoption at 17.2 percent among female-owned small businesses versus 19.7 percent among male-owned small businesses in 2025 (JPMorganChase Institute, 2026), and Recommendation 2 will supply the G20-wide series on AI adoption.

The ratio of business creation to closure is tracked until women-owned firms reach parity.

The Framework will work with the European Union and the African Union to extend comparable approaches across their diverse memberships.

THE EXAMPLES

The approach is not theoretical. **Canada's** Women Entrepreneurship Knowledge Hub (WEKH) links a national evidence base to policy and support.

The **African Continental Free Trade Area** (AfCFTA) is the first trade agreement to embed a dedicated protocol on women and youth in trade in its architecture.

The **United Kingdom's** Investing in Women Code shows signatory investors outperforming the market, with 33 percent of their equity deals going to teams with at least one female founder, against a wider-market average of 25 percent.

South Korea's statutory, whole-of-government architecture pairs dedicated capital of roughly KRW 1 trillion a year – KRW 500 billion in policy funds and KRW 500 billion in new guarantees under the Second Basic Plan for Women-Owned Businesses (2025-2029) – with the sales results above.

Each demonstrates a component of the enabling environment already delivering; the Framework's contribution is to bring them into common use, ordered by priority and reported together.

THE DECISION BEFORE THE FINANCE TRACK

The reform of the enabling environment is not a matter awaiting further evidence or new instruments. The instruments to accomplish each task already exist: they have been developed and published by ISO, the OECD, and the World Bank Group. What is absent is not an instrument but a decision – no G20 standard brings them into common use, orders them by priority, or consolidates their reporting. That decision lies within the authority of Finance Ministers, who command the levers of legislation, financial regulation, public expenditure, and the governance of the multilateral institutions through which implementation is delivered. It is a governance decision available to the G20 Finance Track, if a G20 Presidency presents the occasion to take it.

The W20 Entrepreneurship full report, in the **W20 Guidebook for Policymakers**, presents additional recommendations, each accompanied by measurable targets, implementation metrics, and illustrative case studies to support adaptation and implementation across diverse national contexts. www.Women20.org